

# Brokering Success

Improving skilled immigrant  
employment outcomes through  
strengthened government-  
employer engagement

BY ANDREW GALLEY & JILL SHIREY

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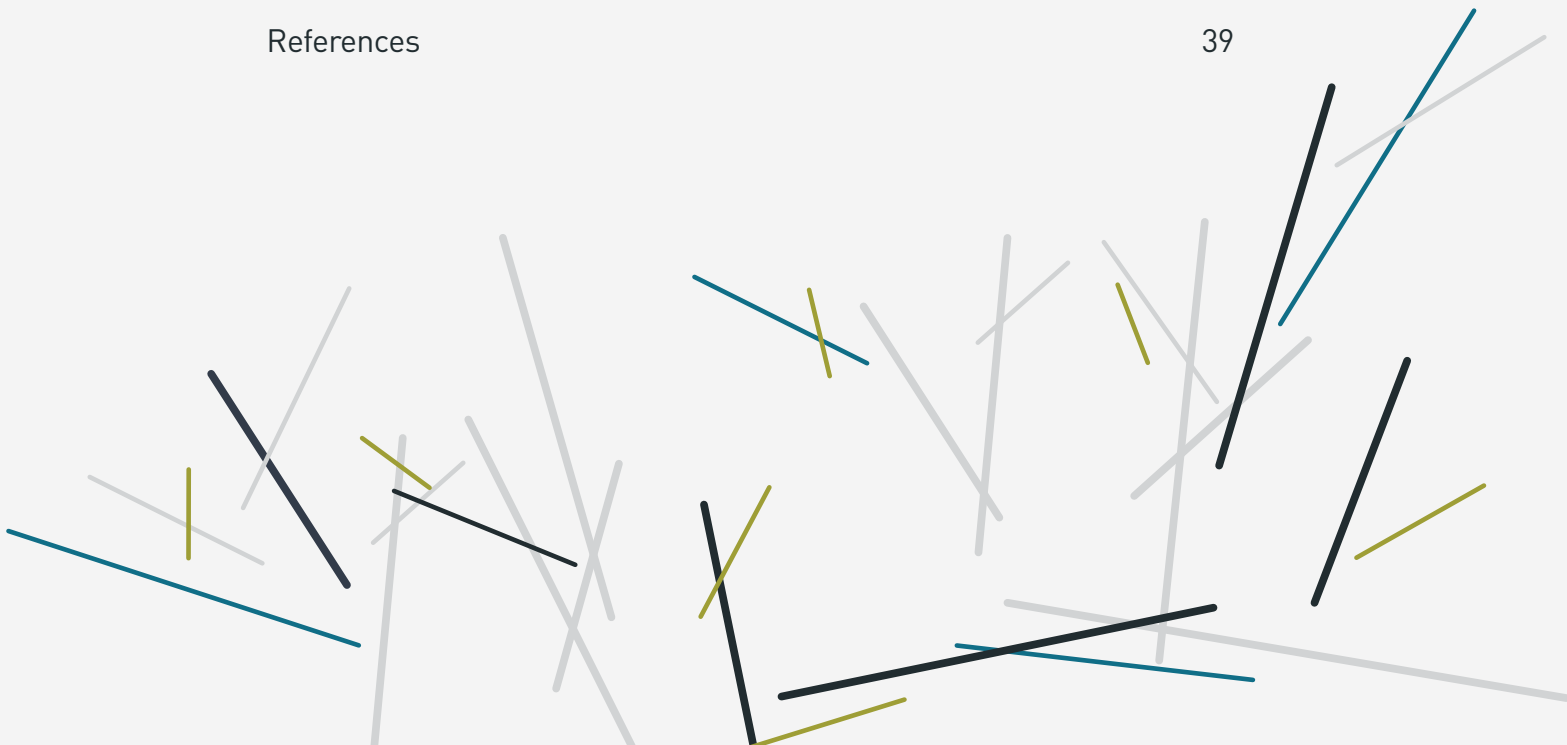
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# Executive Summary

Poor employment outcomes for skilled immigrants have long been a problem in Canada. Many government initiatives exist to support skilled immigrants, and the majority have focused on helping immigrants become “job ready” through programs such as language or bridge training.

Increasingly, governments are exploring initiatives that focus on employers—“demand-led” employment supports—rather than those solely focused on job seekers’ skills and abilities.

But getting these programs and services right is a challenge for government. Successful initiatives that improve outcomes for employers and skilled immigrants require a sophisticated understanding of the needs of employers. Improved engagement between employers and government is necessary to design and implement such initiatives.

This paper asks which strategies and levers are used by all three levels of government in Canada to engage with employers to fill their talent needs and improve employment and economic outcomes of skilled immigrants. It also explores how these strategies can be improved.

As negotiations on the Canada Job Funds (previously the Labour Market Agreements) proceed, governments across Canada are making important decisions about how they will provide employment supports. These changes in the labour market training architecture coincide with significant changes to Canada’s immigration system, with the expectation that the Express Entry application management system will be rolled out in January 2015.

These important policy changes—coupled with unsatisfactory economic outcomes for skilled immigrants and global competition for skilled labour—highlight why now is the right time for governments in Canada to improve their engagement with employers on demand-led employment supports for new skilled immigrants.

Based on 80 interviews with small and large employers, government representatives, industry associations, immigrant settlement organizations, and other experts, we examine current patterns of engagement between employers and government and highlight successful examples. Given Canada’s diversity of jurisdictions, labour markets, and industries, we do not propose a “one-size-fits-all” solution. All solutions require trade-offs, and levers for engagement may be more or less appropriate depending on the context, the government, and the employer. Our interviews pointed to four key levers available to governments to improve engagement and outcomes:

- » Legislation and policy, including rules on entry streams and employment equity;
- » Economic development outreach, specifically building on existing relationships cultivated by economic development officers;
- » Funding of programs and services;
- » Engagement with intermediaries that represent employers, such as sector councils.

Based on our interviewees’ observations and our review of international and Canadian best practices, we make recommendations to governments and employers to improve engagement. Strengthened engagement can produce better economic outcomes for skilled immigrants and can support employers in hiring the talent they need. These recommendations include:

- » Governments should develop clear strategies for engaging employers as part of labour market policy and program development;

- » Governments should implement rigorous, harmonized metrics for evaluation of the Canada Job Grant, the Canada Job Funds, and other employment supports;
- » The federal government should support more avenues for recruiting skilled labour within Canada and, in the process, diminish the desire for employers to use the Temporary Foreign Worker Program process to fill positions;
- » Provincial governments should encourage employers to move toward competency-based hiring—rather than simply requiring “Canadian experience”—through strategic use of government procurement policies and by providing other incentives and supports that reward enterprises for competency-based hiring.

Our recommendations should all be pursued in a manner that *adapts to local needs* to ensure that initiatives are flexible and responsive to local situations; *supports smaller enterprises* which often do not have the resources or capacity to engage with and take advantage of government initiatives; *builds a common language* around evidence, skills, and objectives; and *promotes long-term stability* of programs, services, and funding to build trust and sustained initiatives.

With the renewal of the Labour Market Agreements as the new Canada Job Funds, the introduction of the Canada Job Grant, and the shift toward the Express Entry system, there is a window to experiment with demand-driven initiatives to improve labour market outcomes for skilled immigrants. If these initiatives rest on a foundation of improved government-employer engagement, success is more likely.

At an estimated price tag of \$11.37 billion per year in unrealized earnings, we can ill-afford to continue discounting the qualifications and experience of immigrants to Canada.

# 1

## Introduction

For decades, there have been efforts to better integrate new immigrants into Canada's labour market and to close the gap between the incomes of newcomers and their Canadian-born peers. Yet skilled immigrants continue to experience higher levels of unemployment,<sup>1</sup> and at the same time, some employers report ongoing difficulties in finding talent.<sup>2</sup> At an estimated price tag of \$11.37 billion per year in unrealized earnings, we can ill-afford to continue discounting the qualifications and experience of immigrants to Canada.<sup>3</sup>

As market demands change quickly, effective interaction and strong relationships between governments and employers are critical. Open channels of communication ensure that labour market solutions adapt more easily to shifting demand conditions.

Recently, dissatisfaction with the outcomes of traditional employment supports has driven a trend toward demand-led program design. Whereas in the past programs focused solely on building job seekers' skills and abilities, new approaches include leadership from employers based on enterprise needs. Supports for both jobseekers and employers have a role in improving labour market outcomes; however, given our focus on government-employer engagement, the analysis in this paper is concentrated on demand-led initiatives.

Government's quest to include employer perspectives in its planning and delivery of programs and services is laudable, but its success to date is less clear. There is also little evidence confirming that employer-led solutions perform better. Therefore, a commitment to continual innovation and rigorous evaluation is critical, and effective two-way communication will help this approach achieve the best possible results.

In this paper, we focus on a complex challenge: how can government engage most effectively with employers and other partners to construct a demand-led employment support system that will raise incomes and decrease un- and underemployment of skilled immigrants, while helping employers find the skilled labour they seek?

Focusing on demand requires recognition of employers' perspectives on policies such as immigration. Employers think in terms of filling their available positions with the right human capital, rather than employing someone with a certain immigration status. In addition, the Canadian system has "two-step" immigration pathways, meaning that employers may hire a job-seeker with temporary migration status, but view that individual as a permanent addition to the enterprise as

1 Statistics Canada. 2014a. "Labour force survey estimates (LFS), by immigrant status, age group, Canada, regions, provinces and Montreal, Toronto, Vancouver census metropolitan areas." *CANSIM Table 282-0102*. At: <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2820102&paSer=&pattern=&stByVal=1&p1=1&p2=37&tabMode=dataTable&csid=> (Accessed March 2014).

2 Stuckey, J., and Munro, D. 2013. "The Need to Make Skills Work: The Cost of Ontario's Skills Gap." Ottawa: Conference Board of Canada; See also: Canadian Chamber of Commerce. 2012. "Canada's Skills Crisis: What We Heard. A Canadian Chamber of Commerce report on cross-country consultations in 2012." Ottawa: Canadian Chamber of Commerce; and: American Express Small Business Monitor. 2011. "Top talent getting harder to find, Canada's small business owners say." December 12, 2011, CN. At: <http://www.newswire.ca/en/story/893519/top-talent-getting-harder-to-find-canada-s-small-business-owners-say> (Accessed September 2013).

3 Reitz, J.G., Curtis, J., and Elrick, J. 2014. "Immigrant Skill Utilization: Trends and Policy Issues." *Journal of International Migration and Integration*. February 2014, Volume 15, Issue 1, pp 1-26.

he/she can later transition to permanent residency. Our research maintains an orientation towards helping un- and underemployed immigrants in Canada, but acknowledges that employers come to the table with their own priorities and perspectives.

Successful engagement means two things. First, participants exchange perspectives and information, each able to fully articulate his/her own needs and goals as well as understand those of the other party. Secondly, participants undertake joint action, working in partnership to push each other to succeed in solving shared problems. This may take the form of actively shaping public policy or improving program and service design.

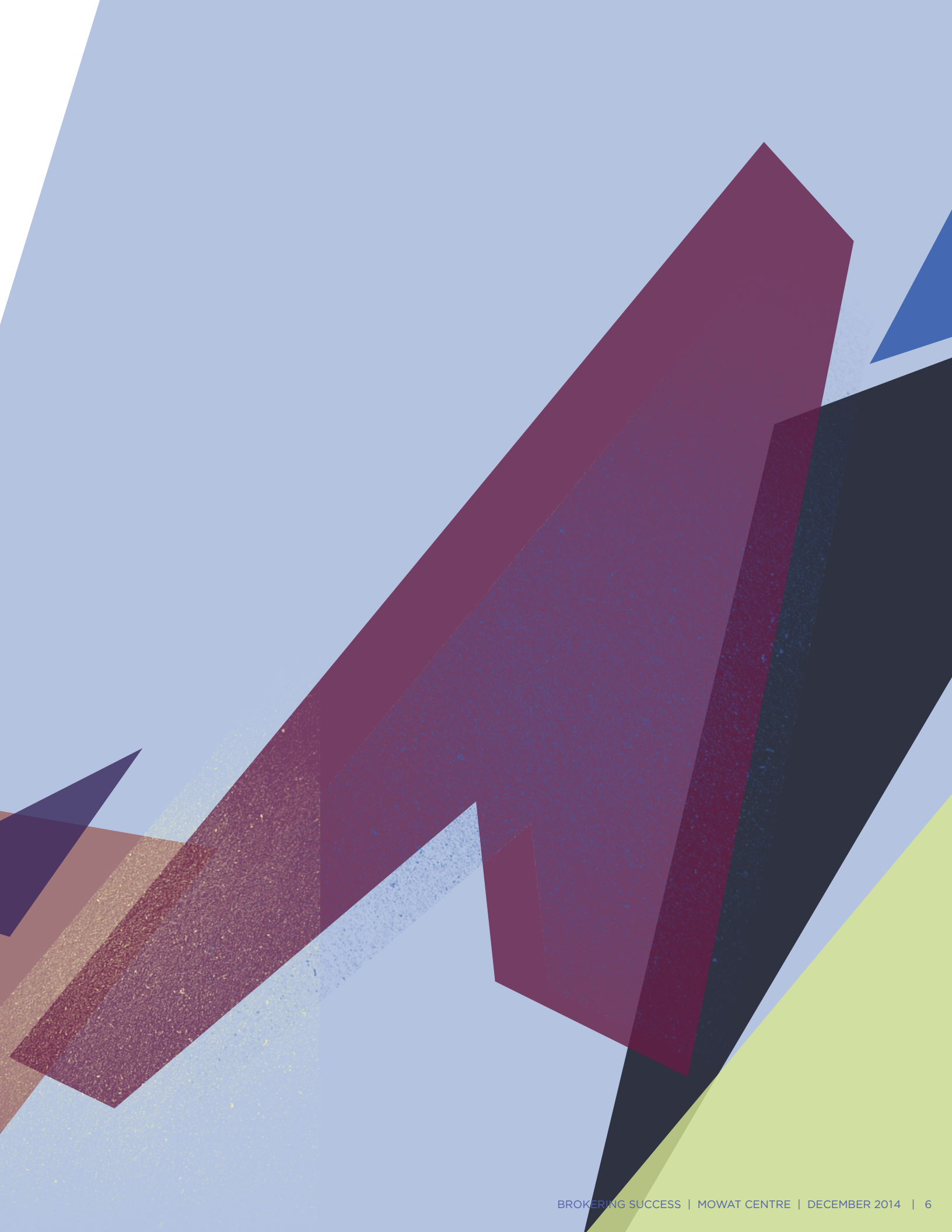
Government may engage employers in a number of different ways. It may act as a communicator, interacting with employers via an exchange of ideas or information, through a roundtable consultation, or a one-on-one information exchange between staff of the respective enterprises. Government can also mandate that employers act in a certain way through the enforcement of regulations. Government can also act as a facilitator by funding initiatives that decrease hiring risks for employers, such as wage subsidies or other initiatives that ensure employers have access to a wide pool of qualified candidates.

Each of these types of engagement only has a positive impact on labour market outcomes if a number of conditions are met. Consultations may have no effect on unemployment if employer needs are not accurately presented or understood. Interventions must be designed well, and delivery agents must have sufficient capacity. Regulations may be avoided if an enterprise does not have the capacity to comply and instead chooses different, unregulated actions.

To examine current engagement between government and employers on skilled immigrant employment and recommend actions for improvement, we conducted 80 individual, semi-structured interviews across Canada and also sought feedback from a panel of expert advisors. Interviewees were selected from all 10 provinces and included 20 employers, 21 federal, provincial, and municipal government representatives, 19 economic development organizations, sector councils, and institutions that represent employers such as chambers of commerce and industry associations, 8 immigrant employment councils and settlement agencies, and 12 other experts.

Their feedback highlighted four key levers government uses to engage with employers: legislation and policy, economic development outreach, funding, and engagement with intermediary organizations. Four principles for action affect success. All levers must be deployed in ways that adapt to local needs, support smaller enterprises, build a common language, and promote long-term stability in programs, funding, and services. These principles inform our recommendations.





One key challenge that governments face when engaging employers is figuring out how to engage not just “the employer,” but a vast diversity of employers.

# 2

## Framing the landscape

Improving labour market outcomes for skilled immigrants requires an understanding of both immigration policy and labour market policy. Both are increasingly important and progressively more intertwined in Canada today.

### Immigration

Canada's future prosperity depends on attracting skilled immigrants from around the world—and allowing them to succeed. To help the growth rate of Canada's real gross domestic product (GDP) increase beyond its “modest pace of 3.2 per cent in 2013,”<sup>4</sup> the talents and ambitions of immigrants need to be utilized.

Far from taking away opportunities for Canadian-born workers, skilled immigrants open up new possibilities in their communities, jump-starting growth for businesses and opening new pathways for economic development.<sup>5</sup> Immigrants introduce new ideas and innovative practices, start businesses, back ventures, and can spur increased trade with their countries of origin.<sup>6</sup>

Immigrants' success is crucial to long-term, broader prosperity in Canada, yet they face many barriers.<sup>7</sup> They consistently face higher unemployment rates than those born in Canada. For recent skilled immigrants with a university degree, the unemployment rate was more than four times higher than their Canadian-born peers in 2013.<sup>8</sup> The cost to the Canadian economy of this skill underutilization is increasing: from \$4.8 billion per year in 1996 to approximately \$11.4 billion per year in 2006.<sup>9</sup>

Once employed, skilled immigrants earn less than comparably-skilled Canadian-born workers during the first ten years after their arrival,<sup>10</sup> an imbalance that is particularly severe for racialized immigrants.<sup>11</sup> Historically, immigrants caught up as they became established; however, the lag time is increasing to the point that, for some, the income gap never closes. There is also some evidence that skilled immigrants in more recent years face greater inequality than did their predecessors.<sup>12</sup>

4 Government of Canada. 2014. “The Road to Balance: Creating Jobs and Opportunities.” 2014 Budget. February 11, 2014. Tabled in the House of Commons by the Honourable James M. Flaherty, P.C., M.P., Minister of Finance, p. 13.

5 See Tobocman, S. 2010. “Global Detroit: Final Report.” At: [http://www.globaldetroit.com/wp-content/files\\_mf/1327697728Global\\_Detroit\\_Study.full\\_report.pdf](http://www.globaldetroit.com/wp-content/files_mf/1327697728Global_Detroit_Study.full_report.pdf) (Accessed February 2014); also: Dungan, P., Fang, T., and Gunderson, M. 2012. “Macroeconomic Impacts of Canadian Immigration: Results from a Macro-Model.” Discussion Paper #6743. Bonn: Institute for the Study of Labor; also: Gignac, C. 2013. “For Canada, immigration is a key to prosperity.” *Globe and Mail*. October 7, 2013. At: <http://www.theglobeandmail.com/report-on-business/economy/economy-lab-for-canada-immigration-is-a-key-to-prosperity/article14711281/> (Accessed February 2014).

6 Alexander, C., Burleton, D., and Fong, F. 2012. “Knocking Down Barriers Faced By New Immigrants To Canada: Fitting the Pieces Together.” Special Report. February 7, 2012. Toronto: TD Economics; Bitran, M., and Tan, S. 2013. “Diaspora Nation: An Inquiry into the Economic Potential of Diaspora Networks in Canada.” Toronto: Mowat Centre; Partnership for a New American Economy. 2011. “The ‘New American’ Fortune 500.” June 2011. Partnership for a New American Economy; Vivek, W., Saxenian, A., Rissing, B. and G. Gereffi. 2007. “America's New Immigrant Entrepreneurs, Part I.” Duke University. qtd. in Kane, T. and Litan, R. 2009. “Knowledge Economy Immigration: A Priority for U.S. Growth Policy.” Kansas City: Ewing Marion Kauffman Foundation.

7 Kane, T. and Litan, R. 2009. “Knowledge Economy Immigration: A Priority for U.S. Growth Policy.” Kansas City: Ewing Marion Kauffman Foundation, p. 3.

8 Statistics Canada. 2014b. “Labour force survey estimates (LFS), by immigrant status, educational attainment, sex and age group, Canada.” *CANSIM Table 282-0106*. At: <http://www5.statcan.gc.ca/cansim/a26?lang=eng&retrLang=eng&id=2820106&paSer=&pattern=&stByVal=1&p1=1&p2=37&tabMode=dataTable&csid=> (Accessed March 2014). The unemployment rate for university-educated immigrants who landed within the last 5 years was 11.6 per cent, whereas the unemployment rate for their Canadian-born counterparts was 2.8 per cent.

9 Reitz, J.G., Curtis, J., and Elick, J. 2014. “Immigrant Skill Utilization: Trends and Policy Issues.” *Journal of International Migration and Integration*. February 2014, Vol. 15, Issue 1, pp 1-26.

10 Desjardins, D. and Cornelison, K. 2011. “Immigrant labour market outcomes in Canada: The benefits of addressing wage and employment gaps.” December 2011. RBC Economics—Research; see also: Yssaad, L. 2011. “The Canadian Immigrant Labour Market.” *The Immigrant Labour Force Analysis Series*. Ottawa: Statistics Canada, Labour Statistics Division; and others.

11 Block, S. and Galabuzi, G. 2011. “Canada's Colour Coded Labour Market: The Gap for Racialized Workers.” Ottawa: Canadian Centre for Policy Alternatives, and Toronto: Wellesley Institute. The authors note that “racialized Canadian men earn only 68.7 per cent of what non-racialized first-generation Canadian men earn,” and the situation is even worse for racialized women immigrants, who earn only 48.7 cents for each dollar earned by their male, non-racialized counterparts (p. 4).

12 Morissette, R., and Sultan, R. 2013. “Twenty years in the Careers of Immigrant and Native-born Workers.” *Economic Insights*, No. 032, November 2013, Catalogue no. 11-626-X, Statistics Canada.

Skilled immigrants are also more likely to find themselves in precarious employment, which has ramifications for their ability to fully contribute to the economic strength and social well-being of their new communities.<sup>13</sup> For example, 2008 data indicates that immigrants were more likely to be underemployed, working part-time involuntarily, have shorter job tenures, less likely to be covered by collective bargaining agreements, and have less access to pension and life insurance than their Canadian-born peers.<sup>14</sup>

Explanations for these problems are wide-ranging. Employers and regulatory bodies may not recognize immigrants' education, qualifications, and work experience acquired outside Canada. Skilled immigrants may also face language barriers, and their professional social networks—increasingly important for finding employment—are weaker or absent.<sup>15</sup> Discrimination is also a key barrier, as racialized workers face higher unemployment rates than their non-racialized peers.<sup>16</sup>

Over the past several decades, immigration policy has evolved significantly to respond to these poor outcomes. While the points-based immigration system was introduced in the 1960s to respond to short-term labour market needs, the 1990s saw a shift to a human capital focused-system. Educational attainment of those entering Canada increased, yet poor economic outcomes persisted.<sup>17</sup>

Canada's immigration system today is a collection of policies that focus on human capital, and others that aim to address short-term labour needs. For example, the Federal Skilled Worker Program's points-based approach rewards potential immigrants for educational qualifications and language ability, but allows entrance only to those in 50 specific occupations deemed to be experiencing labour shortages.

Since the mid-2000s, immigration policy has focused on greater involvement of provincial governments and employers with the priority to address short-term labour market needs. The Temporary Foreign Worker program has expanded significantly, as has the Provincial Nominee Program (PNP), and the Canadian Experience Class (CEC) stream has been introduced. These shifts prioritize selection of those who can be quickly slotted into jobs, in contrast to a human capital approach that focuses more on integration post-arrival.

The federal government will take an additional step in the same direction next year with the January 2015 launch of Express Entry (previously referred to as "Expression of Interest" (EOI)). Express Entry is an application management system that will enable selection of prospective immigrants with the skills and experience currently needed, in contrast to the current process, which reviews applications in the order received.<sup>18</sup>

Under this system, applicants interested in coming to Canada under an immigration stream such as the Federal Skilled Worker program, Federal Skilled Trades program, or Canadian Experience Class first "express their interest" by providing information about their skills and experience electronically. If they meet certain criteria, they will be placed in a centralized pool. Employers and governments will then select applicants from that pool,<sup>19</sup> and Citizenship and Immigration Canada will invite highly-scored applicants to apply for visas.<sup>20</sup> The goals of the new system include better matching of immigrants with available jobs, faster processing times, and reduced backlogs.

13 C.f. Creese, G., and Wiebe, B. 2012. "'Survival Employment': Gender and Deskilling among African Immigrants in Canada." *International Migration*, Vol. 50, Issue 5, pp. 56-76.

14 Gilmore, J. 2008. "The 2008 Canadian Immigrant Labour Market: Analysis of Quality of Employment." *The Immigrant Labour Force Analysis Series*. Ottawa: Statistics Canada, Labour Statistics Division.

15 Gilmore, J. 2008. "The 2008 Canadian Immigrant Labour Market: Analysis of Quality of Employment." *The Immigrant Labour Force Analysis Series*. Ottawa: Statistics Canada, Labour Statistics Division, p. 8.

See also: Albaugh and Seidle 2012, Elgersma 2012, Block and Galabuzi 2011, Desjardins and Cornelson 2011, Oreopoulos 2011, Guo 2007, Kustec et al 2007, Alboim et al 2005.

16 Block, S. and Galabuzi, G. 2011. "Canada's Colour Coded Labour Market: The Gap for Racialized Workers." Ottawa: Canadian Centre for Policy Alternatives, and Toronto: Wellesley Institute.

17 Ferrer, A., Picot, G., and Riddell, W.C. 2012. "New Directions in Immigration Policy: Canada's Evolving Approach to Immigration Selection." Canadian Labour Market and Skills Researcher Network. Working Paper No. 107.

18 Ontario Chamber of Commerce. 2014. "Think Fast: Ontario Employer Perspectives on Immigration Reform and the Expression of Interest System." Toronto: Ontario Chamber of Commerce.

19 At time of writing in April 2014, it is not yet clear how this selection will be done, and it is not clear that employers will have direct access to the pool of available candidates. Employers may have the ability to select applicants only via the government's Job Bank.

20 Government of Canada. 2013. "Background—Expression of Interest (EOI): Preparing for Success in 2015." At: <http://www.cic.gc.ca/english/DEPARTMENT/media/backgrounders/2013/2013-10-28b.asp> (Accessed March 2014).

## Employment supports

For skilled immigrants already in Canada, a number of employment support programs and services have attempted to eliminate barriers to success. Increasingly, government is supporting demand-led initiatives and is interested in programs that are more responsive to employers' needs.

Key to this framework of employment supports are the Labour Market Agreements (LMAs), which were in place from 2008-2014<sup>21</sup> between the federal and provincial and territorial governments. Now being re-negotiated as the Canada Job Funds, funding channeled through these agreements supports labour market programs and services for unemployed individuals who are ineligible for Employment Insurance (EI)—a group which includes many skilled immigrants.<sup>22</sup> The LMAs are complemented by the Labour Market Development Agreements (LMDAs), which provide similar support for those who are EI-eligible.<sup>23</sup>

The federal government's 2013 Budget announced a new initiative, the Canada Job Grant (CJG), which will account for the majority of funds transferred to the provinces under the new Canada Job Funds agreements in 2014-15. The CJG includes a \$10,000 contribution from the federal government toward the \$15,000 per person training fund, with the balance coming from employers. However, it also includes a 40 per cent reduction in labour market funding to the provinces, spread over four years. Provincial governments can decide whether to respond by cutting LMA programs, LMDA programs, or other expenditures. The program also includes concessions for small enterprises. The CJG is scheduled to be implemented in July 2014 and will be reviewed by the provinces after two years.

21 The agreements between the Government of Canada and the provinces of Alberta, British Columbia, Manitoba, New Brunswick, Newfoundland and Labrador, Ontario, Prince Edward Island, and Saskatchewan were signed in 2008. Those with the Northwest Territories, Nova Scotia, Nunavut, Quebec, and Yukon were signed in 2009.  
22 Employment and Social Development Canada. 2013a. "Labour Market Agreements." At: [http://www.esdc.gc.ca/eng/jobs/training\\_agreements/lma/index.shtml](http://www.esdc.gc.ca/eng/jobs/training_agreements/lma/index.shtml) (Accessed February 2014).  
23 Employment and Social Development Canada. 2013b. "Labour Market Development Agreements." At: [http://www.esdc.gc.ca/eng/jobs/training\\_agreements/lmda/index.shtml](http://www.esdc.gc.ca/eng/jobs/training_agreements/lmda/index.shtml) (Accessed February 2014).

## Labour market information

Meeting the demand of employers across sectors and enterprise sizes is difficult—and even more so when comprehensive information on supply and demand is inadequate.

The Advisory Panel on Labour Market Information chaired by Don Drummond noted the poor state of labour market information (LMI) in 2009, and in 2012, the House of Commons Committee on Human Resources released a report acknowledging this issue and outlining recommendations for improvement.<sup>24</sup> Federal initiatives such as the Canadian Occupational Projection System (COPS) provide aggregated information about general (non-annual) trends in labour demand and supply by broad skill level and occupation, though "there have been concerns expressed by provincial governments about its reliability and timeliness."<sup>25</sup>

Across Canada, a number of organizations are doing good work at the local level to provide information about labour market needs. For example, the Toronto Workforce Innovation Group (TWIG) has created *Routes TO Employment*, a website that profiles the city's key employment sectors and includes information about specific entry-, mid-, and senior-level positions, as well as how to access the training needed for these positions. Skilled immigrants can use this information to learn more about their professions in Toronto and can click through to Toronto-based job opportunities posted on the federal government's Job Bank.<sup>26</sup>

Similarly, the British Columbia Centre for Employment Excellence provides a *Knowledge Clearinghouse* of labour market information that includes forecasting tools, interactive apps, and WorkBC's *Labour Market Navigator*. The *Labour Market Navigator* provides monthly regional labour market snapshots, and site users can also browse specific

24 Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities. 2012. "Labour and Skills Shortages in Canada: Addressing Current and Future Challenges." At: <http://www.parl.gc.ca/HousePublications/Publication.aspx?DocId=5937523&Language=E&Mode=1&Parl=41&Ses=1> (Accessed May 2014).

25 Drummond, D., Beale, E., Kobly, K., Loiselle, M., and R. Miner. 2009. "Working Together to Build a Better Labour Market Information System for Canada: Final Report." Advisory Panel on Labour Market Information; See also: Simon, B. 2013. "Skills development in Canada: so much noise, so little action." December 2013. Taking Action for Canada: Jobs and Skills for the 21st Century Series. Canadian Council of Chief Executives.

26 According to website analytics provided by the Toronto Workforce Innovation Group, visitors to the site have included those in India, United Arab Emirates, Brazil, United States, United Kingdom, Pakistan, and Bangladesh, which may indicate that some prospective immigrants are accessing this information prior to their arrival in Canada.

occupational groups to obtain information on average salary, unemployment rate, occupation size, and expected growth or contraction in the given profession in the province. In addition, job seekers can navigate from the overview to available opportunities listed on the provincial government's website.<sup>27</sup>

The tools created by these organizations and others play important roles in compiling and communicating labour market information, but challenges remain. Labour market information is produced in multiple ways across jurisdictions, which makes comparisons difficult. For example, data on vacancy rates is currently generated by multiple sources, each of which has its own methodology.<sup>28</sup>

Local initiatives may also depend on a backbone of data collected and systems operated by higher levels of government, though there has been a trend away from investing in data collection in recent years, as evidenced by the cancellation of the long-form census. Recent concerns about the accuracy and timeliness of the federal Job Bank may undermine local efforts, such as TWIG's, to connect employers and job seekers.<sup>29</sup>

Given these concerns about labour market information, designing successful demand-led employment supports will require other resources and opportunities, such as renewed government strategies to engage with employers.

## Engaging employers

Both the Express Entry system and the Canada Job Grant rely in large part on employer leadership and engagement for their success. The common thread that links these initiatives is the desire by government to ensure that all enterprises meet their talent needs.

One key challenge that governments face when engaging employers is figuring out how to engage not just “the employer,” but a vast diversity of employers—across private, public, and not-for-profit sectors, in provinces and communities of varying sizes and environments, and across enterprise sizes, ranging from large, multi-national companies to micro enterprises.

While the vast majority of Canadian businesses are small and employ between 1-99 people, Ontario, Quebec, and Alberta also have hundreds of large businesses with 500+ employees each.<sup>30</sup> Prince Edward Island has the smallest share of small businesses, but it also has the greatest concentration of residents employed in these types of enterprises. The not-for-profit and government sectors together represent around a quarter of employment in each province.

Provincial and municipal governments make decisions that affect employers based on the regional context. The importance of each sector to each province varies with respect to the number of individuals employed (and other factors, such as the share of GDP produced). For example, Ontario has the largest share of employment in not-for-profits across all provinces, but the sector represents a larger share of total employment in Manitoba than in any other province.<sup>31</sup> Figure 1 reflects the diversity across the provinces.

Optimal engagement will look different for enterprises of different sizes. It may be efficient for a small or micro enterprise to be able to pick up the phone and speak directly with a government official or intermediary organization about a hard-to-fill position. However, that same enterprise may struggle with sustained engagement due to a lack of Human Resources staff. In contrast, large, global enterprises may find these sorts of one-off interactions inefficient and prefer to develop a strategic, long-term plan for engagement around difficult-to-source talent.

27 Please see <http://www.workbc.ca/Navigator>.

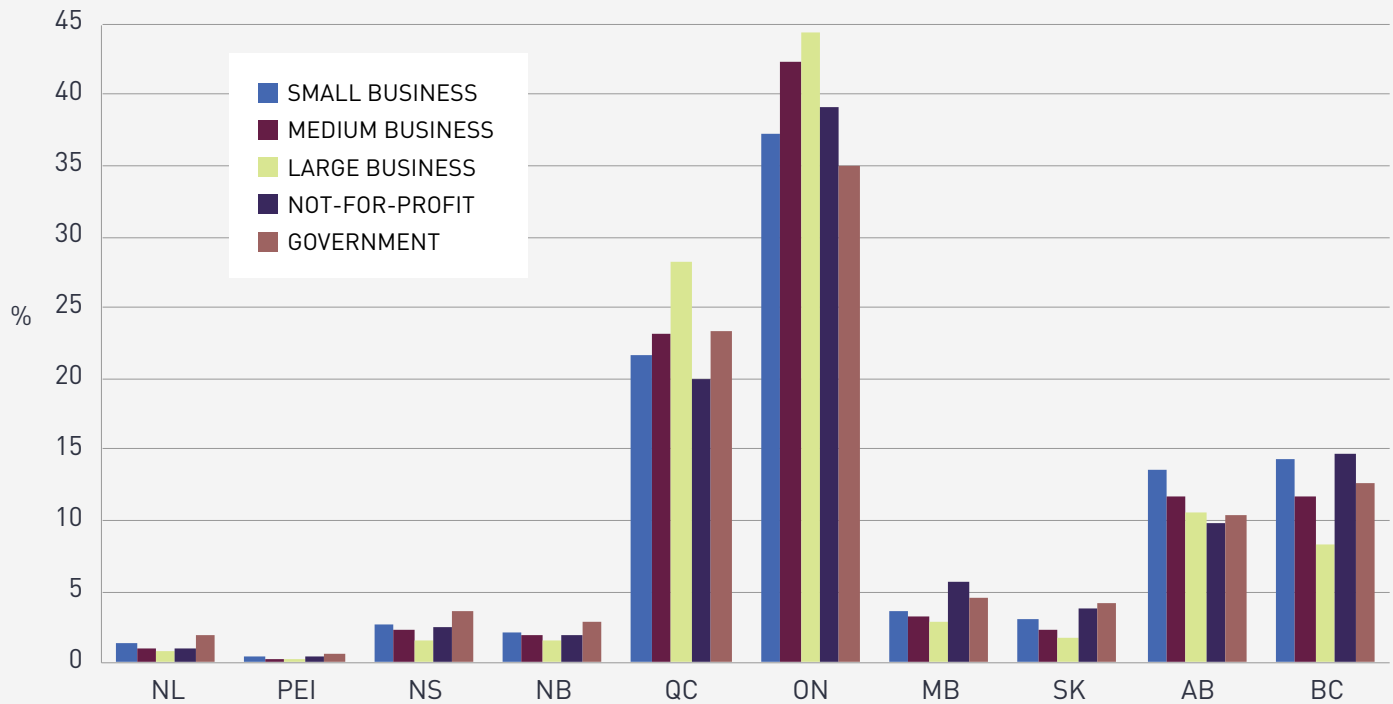
28 For a discussion on this subject, see: Burtleon, D., Gulati, S., McDonald, C., and S. Scarfone. 2013. “Jobs in Canada: Where, What and For Whom?” Toronto: TD Economics, p. 27. The authors note six sources of vacancy rate data: Statistics Canada, Wanted Analytics, Conference Board of Canada, Canadian Federation of Independent Businesses, International Labour Organization, and Bank of Canada Business Outlook Survey.

29 Canadian Press. 2014b. “Jason Kenney defends online job bank despite outdated positions.” *CBC News*. May 12, 2014. At: <http://www.cbc.ca/news/politics/jason-kenney-defends-online-job-bank-despite-outdated-postings-1.2640348> (Accessed May 2014).

30 Industry Canada. 2013. “Key Small Business Statistics—September 2013.” At: <http://www.ic.gc.ca/eic/site/061.nsf/eng/02804.html> (Accessed March 2014). With percentages computed by authors.

31 Statistics Canada. 2014c. “Labour statistics by business sector industry and non-commercial activity, consistent with the System of National Accounts, by North American Industry Classification System (NAICS).” *CANSIM Table 383-0010*. “Terminated.” (2011 data).

**FIGURE 1**  
Distribution of employment by sector across Canada



Source: Statistics Canada, Labour Force Survey (LFS), 2012; CANSIM Table 383-0030; calculations by authors.

Employers' interest in engaging with government will also depend on the nature of their need for talent. Some employers may engage infrequently, doing so only when a particular position is hard to fill. Others may engage more continuously due to large-scale talent needs, such as persistent shortages of certain skill-sets, or when an industry expands or reorganizes.

Faced with this diversity, government must decide how to use its limited resources to work efficiently and effectively with employers, given an enterprise's size and structural considerations. In the next section, we turn to a discussion of the levers and strategies through which government engages employers around skilled immigrant employment.

Deployed together,  
these levers can  
build stronger  
government-  
employment  
engagement and  
improved labour  
market outcomes.



# 3

## Levers for government-employer engagement

While government has many tools for employer engagement at its disposal, interviewees' feedback pointed to four key levers. These are not meant to be separate, mutually-exclusive options. Deployed together as relevant, these levers can build stronger government-employer engagement and improved labour market outcomes for skilled immigrants.

### Legislation and policy

Government can mandate or forbid certain behaviour and can control some activities directly. Immigration (and migration) streams, recruitment regulations and labour standards, and employment equity are examples of how legislation and policy are used by government to affect employer behaviour.

### Economic development outreach

Interaction on economic development topics can be leveraged for discussions about talent needs. Government often engages with businesses through economic development officers, and broadening their knowledge base about employment supports can make these interactions more fruitful.

### Funding of employment and settlement services

Involvement of employers in government-funded employment supports can improve dialogue on their concerns and encourage joint action. While traditionally considered a “supply-side” concern, employers interviewed stressed family supports and integration as key to employee retention.

### Intermediaries

Intermediaries that are also employer representatives already “speak their language.” Industry-specific bodies such as sector councils, which already focus on human resource needs, can mediate the perspectives of multiple stakeholders.

For each lever, we provide a summary of key interviewee input as well as a discussion of how the lever can be strengthened for deeper government-employer engagement.

## 3.1 Legislation and policy

*“As with all federal-provincial work it takes time to establish common understanding...There is often an interesting relationship between the province and the regulator [of a profession]. The province may have the responsibility but they’ve given part of that power to the profession which is self-regulating. Encouraging them along can be tricky.”*

–FEDERAL GOVERNMENT REPRESENTATIVE

*“Employers have been bringing in TFWs—and that’s fine, but I want them to know that there are permanent residents here looking for jobs, and they should contact them first. It’s cheaper, easier! We have found that employers are receptive; a larger number of them are calling us directly when they have job [openings]. That has worked very well.”*

–SETTLEMENT AGENCY

*“It’s interesting...there’s a historical segregation, a designation of roles. Federally, they have the foreign [policy] role, the provinces are in-between, and municipal [government] has been about sewers and roads. As you blend those things, we’re seeing some interesting new programs.”*

–ECONOMIC DEVELOPMENT OFFICER

*“Employment equity provides accountability...in terms of the open-mindedness of managers who deal with candidates who may be light on [Canadian] experience. It is a risk factor in the mind of hiring managers that someone might not be as productive or efficient. If you added new Canadians in [to equity laws], it drives accountability because we have to report on it; but to be successful, we must enable those candidates to be job-ready.”*

–EMPLOYER

*“With a year’s work experience you can apply for PR [permanent residency]... from that perspective [the Temporary Foreign Work program]’s an outlet, not to fill temporary gaps but because you can’t find the appropriate skillsets. Those jobs aren’t going to go away, you have to fill that need. A lot of places are growing in the country, economically, but not growing from a population perspective. That’s going to be [solved by] temporary entrants who stay. Otherwise, the only reason the TFW is being used is because it’s a quicker and more accurate map to our labour needs. If the full-time permanent immigration was there, it would be our preference. We hire TFWs into permanent positions, committing ourselves to helping that person stay.”*

–EMPLOYER

### Immigration policy: entry streams

Immigration policy is a key area of engagement between government and employers. It is the means by which government sets goals or limits on the number of people admitted to Canada and administers the process of their selection. Interviewees highlighted two key entry (both temporary and permanent) streams that particularly necessitate government-employer engagement: the Temporary Foreign Worker Program (TFWP) and the Provincial Nominee Program (PNP).

The TFWP enables employers to recruit globally and quickly bring those prospective employees to Canada. Yet while it is designed to fill temporary labour market needs, many interviewees—whether in industry, government, or the third sector—viewed temporary foreign workers as filling long-standing gaps in the Canadian labour market.

The PNP allows employers to have a similarly active role in immigrant selection: they can directly propose candidates for provincial recommendation to the federal government.<sup>32</sup> Employers interviewed frequently cited strong personal relationships with provincial government representatives and noted that the province often has a much clearer picture of local labour market needs as compared with the federal government.

Employers mentioned that they use these entry streams for two key reasons: accurate mapping of local labour market needs, and speed of recruitment. Both streams allow employers to choose individuals with the skills they need, and they can quickly and relatively easily get those individuals started in their new positions.

<sup>32</sup> More information about the specifics of each province’s program is available on respective provincial government websites. In addition to employers, educational institutions are sometimes involved in facilitating the nomination of their graduates. The programs vary a great deal based on size of quota, as well as the population size and strategy of the province more broadly.

Both employers and intermediary organizations noted that the length of the Labour Market Impact Assessment (LMIA) process<sup>33</sup> (previously referred to as the Labour Market Opinion (LMO)), often a precursor to hiring a TFW, is key to the successful operation and expansion of employers' enterprises. Some interviewees expressed concerns about the loss of the accelerated LMO process, and it remains to be seen whether the most recent changes to the TFWP will respond to these concerns.<sup>34</sup>

Mentioned equally frequently by employers, governments, and intermediary organizations, both the TFWP and the PNP were noted for the opportunities they give employers and provincial governments to have a voice in directly shaping the labour force—and population more broadly—available in Canada.

The rules for bringing in Temporary Foreign Workers have been tightened multiple times over the past year to prevent underbidding of Canadian workers on wages and bargaining power,<sup>35</sup> and the accelerated Labour Market Opinion process was suspended due to concerns about abuses. As these changes intersect with the roll-out of the Express Entry system, policy can respond to how these programs are being used by employers.

Incentives to use certain entry options have ramifications for employee precarity, Canada's broader interests in nation-building, and for the government's challenge of balancing short-term labour needs with long-term human capital concerns. If the Express Entry system is characterized by the speed and accurate mapping of local labour markets that employers seek, it can facilitate the entry of permanent residents who can fill available positions. But if the Temporary Foreign Worker Program is faster than Express

Entry, employers may continue to use this former option to meet their long-term employment needs.<sup>36</sup>

Immigration policy can also be used to make better use of talent already available in Canada. For example, diversion channels could be built into the Labour Market Impact Assessment process. Administrators at regional or provincial levels could direct employers to skilled immigrants who are already permanent residents—thus filling a talent need quickly and decreasing unemployment. This capability could also be built into the Express Entry system, where the role of provinces and municipalities is still being negotiated. Any strategy to engage employers in Express Entry and/or a diversion channel as part of the LMIA process will need to include supports for small- and medium-sized enterprises, which have less capacity to participate.

Using the policy design and technological opportunities at its disposal, government can fulfill its responsibilities to protect workers and at the same time, can connect employers and skilled immigrant candidates in Canada. In this way, immigration policy, and its associated case management system, becomes a lever with which employers want to engage—and one that delivers positive labour market outcomes.

While the specifics of these possibilities will be discussed further below, policy solutions that respond to local needs can engage more employers in joint action to decrease unemployment. The provincial government role in immigration has been growing, as Canada's diverse regions assert the need for locally-tailored labour force and population solutions, and employers can be engaged as equal partners in this process.

33 Prior to recruiting a foreign worker, employers frequently need to obtain a positive Labour Market Impact Assessment (LMIA), previously known as a Labour Market Opinion (LMO), from Employment and Social Development Canada (ESDC). This means that the "the employer has tried but has been unable to find a Canadian or permanent resident for the job, that the job offer is genuine, and that the employer has met job offer commitments to temporary foreign workers they have hired in the past." (Citizenship and Immigration Canada. 2012. "Fact Sheet—Temporary Foreign Worker Program." At: <http://www.cic.gc.ca/english/resources/publications/employers/temp-foreign-worker-program.asp> (Accessed February 2014)).

34 There was some indication in Fall 2013 that the accelerated LMO may be re-introduced for specific occupations/categories, though interviewees did not mention knowledge of this possibility. In June 2014, a new fast-track option was introduced to the TFWP that will enable approval of foreign workers in the highest demand occupations or among the top 10 percent of highest-paid occupations within 10 days. This fast-track benefit is also available if the worker is being brought to Canada for short-term work of 120 calendar days or less, as long as the pay for the position is above-average.

35 Canadian Press. 2014a. "Feds reviewing oilpatch allegations Canadians were fired, Croatians hired." *CTV News*. February 6, 2014. At: <http://www.ctvnews.ca/canada/feds-reviewing-oilpatch-allegations-canadians-were-fired-croatians-hired-1.1674668>. (Accessed February 2014); see also: Giovannetti, J. and Curry, B. 2014. "Restaurants warn of closures in wake of temporary foreign workers ban." *The Globe and Mail*. April 25, 2014. At: <http://www.theglobeandmail.com/news/politics/restaurants-barred-from-using-temporary-foreign-worker-program/article18203064/> (Accessed April 2014).

36 This may be particularly the case for employers in the most demanded and highest paid occupations, as these employers can have LMIA's for foreign workers processed within 10 days and can then commit to helping these workers obtain permanent residency in Canada as part of the transition plan that must be submitted with the LMIA application.

## Legislation: Equity and protection for workers

The federal *Employment Equity Act* (sc.1995 c.44), which aims to correct discrimination against and lack of opportunity for four designated groups,<sup>37</sup> covers only the 6 per cent of the Canadian workforce employed by the federal government and its Crown corporations (with 100 or more employees), or by private, federally-regulated employers.<sup>38</sup> Quebec is currently the only province that has similar legislation in place at the provincial level; while legislation has been considered and in some cases passed by other provinces, none of these laws is currently in force. Most Canadian employees—and employers—are thus not directly affected by employment equity.

One way for government to engage employers on skilled immigrant unemployment would be to include immigrants as a fifth category under employment equity legislation. This would protect immigrants by requiring large employers to report their plans and progress with respect to hiring practices related to this group. When interviewees were asked whether this might be effective in engaging employers and decreasing employment barriers, views were mixed.

Employer interviewees whose (large) organizations are currently subject to federal employment equity legislation were relatively positive about its impact. Their sufficiently large Human Resources departments were able to engage with the provisions of the legislation. Government regulation of Human Resources processes is not necessarily the approach preferred by employers; however, the requirements are seen by some as helping to drive benchmarking on anti-discrimination and diversity, thus providing legitimacy for internal champions.

Others expressed doubts about the possibility of including immigrants as a protected category, given the political environment, and some had concerns about its efficacy. A senior public servant in Ontario who had worked closely on

the short-lived implementation of provincial employment equity emphasized the public opinion backlash that accompanied it. Several interviewees questioned whether the barriers faced by new immigrants were different from those faced by visible minorities, who are already covered under employment equity legislation.

Formal evaluations of employment equity legislation reflect uneven progress. All four designated groups continue to be disadvantaged in Canada's labour market, and those who are part of multiple groups experience even greater barriers.<sup>39</sup> Attitudinal and cultural discrimination continues, despite recognition by employers that hiring diverse individuals can benefit their enterprises. Representation in employment has improved for women and visible minorities over the period since employment equity legislation was introduced, though it is not clear whether this improvement can be directly attributed to the legislation. The gap remains significant for Aboriginal persons and those with disabilities.<sup>40</sup>

Interviewees noted that government also engages employers through Human Rights Codes. For example, the Ontario Human Rights Commission's "Policy on Removing the Canadian Experience Barrier" is aimed at preventing employers from requiring prospective candidates to have Canadian work experience, except in very limited circumstances.<sup>41</sup> Interviewees felt that the premise of the policy was positive, but that its impact may be limited. Discrimination based on Canadian experience may be difficult to prove, and rejection may simply be expressed in other ways. As the policy has only recently been implemented, it remains to be seen how employers will engage with it or alter their behaviour as a result.

Both employment equity legislation and Human Rights Codes offer opportunities for governments to engage employers. For example, the recent policy against the Canadian experience requirement could provoke a


37 These four groups are women, visible minorities, Aboriginal persons, and persons with a disability.

38 It also applies indirectly to those employers who hold contracts with the federal government (and who must establish their own, internal equity policies). For data on those covered, see: Wannell, T., and Usalacas, J. 2012. "Labour Force Survey: 2011 year-end review." Statistics Canada. At: <http://www.statcan.gc.ca/pub/75-001-x/2012002/article/11639-eng.pdf> (Accessed February 2014); and: Employment and Social Development Canada. 2013c. "Employment Equity Act: Annual Report 2012." At: [http://www.labour.gc.ca/eng/standards\\_equity/eq/pubs\\_eq/annual\\_reports/2012/docs/ee2012.pdf](http://www.labour.gc.ca/eng/standards_equity/eq/pubs_eq/annual_reports/2012/docs/ee2012.pdf) (Accessed February 2014). Calculations by authors. Employment and Social Development Canada. 2014. "Employment Equity" [website] At: [http://www.labour.gc.ca/eng/standards\\_equity/eq/emp/](http://www.labour.gc.ca/eng/standards_equity/eq/emp/) (Accessed April 2014).

39 Employment and Social Development Canada. 2012. "Strategic Evaluation of the Employment Equity Programs." Final Report. Evaluation Directorate, Strategic Policy and Research Branch. November 2012. At: <http://www.esdc.gc.ca/eng/publications/evaluations/labour/2013/june.shtml> (Accessed April 2014).

40 Ibid. With the exception of women, the representation rate of all designated groups increased between 2000 and 2005. However, all rates remained lower than respective labour force availability. Given latest available 2001 Census data from this report (published in 2012) on labour force availability and 2005 representation rates: Aboriginal peoples had a representation rate of 1.8 per cent versus an availability rate of 2.6 per cent, persons with disabilities had a representation rate of 2.7 per cent versus an availability rate of 5.3 per cent, for visible minorities, the percentages were 14.0 per cent versus 14.5 per cent respectively, and for women, 43.3 per cent versus 47.3 per cent.

41 Ontario Human Rights Commission. 2013. "Policy on Removing the 'Canadian experience' barrier." At: [http://www.ohrc.on.ca/sites/default/files/policy%20on%20removing%20the%20Canadian%20experience%20barrier\\_accessible.pdf](http://www.ohrc.on.ca/sites/default/files/policy%20on%20removing%20the%20Canadian%20experience%20barrier_accessible.pdf) (Accessed February 2014).



closer examination of what is meant by “Canadian experience” as well as increased dialogue on this topic. Equity legislation might be more effective if other supports were in place, such as easy access to a pool of job-ready candidates or assistance for smaller enterprises. (See sidebar for an example of how legislation becomes more effective when it is used to leverage additional resources). Imposed reporting requirements could then encourage clear language around which skills and competencies employers need and those which job seekers have to offer.

In other words, Human Rights Code decisions and equity legislation allow governments to ask questions such as, “What does an engineer gain from five years of Canadian experience? When employers demand such experience, what list of skills and competencies do they assume it represents?” This enables conversations around specific ways to support candidates’ job readiness<sup>42</sup> or to introduce new tools for inclusive hiring. If this feedback helps shape “supply-side” programs and services at the local level and also drives internal change in enterprises, engagement will have successfully connected the supply and demand sides of the labour market.

Employment equity covers only a small percentage of employers and their employees, and thus may not lead to large scale engagement, particularly among Canada’s vast number of smaller enterprises. Its effectiveness as a tool for increasing employment access is also not clear. However, legislation may encourage a deeper conversation about what may be needed by enterprises of varying sizes to comply with new or expanded initiatives; such dialogue can then drive joint action to establish these supports and to refine legislation for increased effectiveness.

42 One employer interviewed specifically stated that regulation can be beneficial in this area, if compliance is straightforward.

## WORKER RECRUITMENT AND PROTECTION ACT

Manitoba’s *Worker Recruitment and Protection Act (WRAPA)* is an example of how legislation can be leveraged with other supports to strengthen government-employer engagement. Under this Act, all recruiters who wish to recruit foreign workers are required to first register with the province and provide a security deposit to receive a license.<sup>43</sup> These licenses must be renewed frequently, and a public registry of licensed recruiters is available online. Employers must also register in order to recruit a foreign worker and must use a licensed recruiter. By requiring the licensing of recruiters and registration of employers, the Manitoba government’s goal is to prevent both parties from engaging in unfair labour practices.<sup>44</sup>

The process of registration is tied to additional support services that incentivize employer engagement. Interviewees from the Manitoba government mentioned that during registration for foreign recruitment, they help link employers to skilled immigrants already in the province who may fit their desired profile of skills and experience.

The government maintains an integrated database of all new immigrants, who arrive primarily via the Provincial Nominee Program. Once immigrants are selected, their basic information is entered in the database, and upon arrival, they are referred to ManitobaSTART. A not-for-profit organization funded by federal, provincial, and private sector sources, ManitobaSTART conducts needs assessments of immigrants’ skills and experience and then refers them to resources (such as language training or mentoring) to build their job readiness. As a result, the talent pool to which government refers employers is local, has permanent residency, and is ready to start in new, skill-appropriate positions.

These efficient and inexpensive talent solutions, which also reduce skilled immigrant unemployment, are made possible because legislation is used to leverage surrounding resources. Positive outcomes then encourage repeat engagement by employers.

43 Government of Manitoba. n.d. “Employment Standards. Worker Recruitment and Protection.” [website]. At: <http://www.gov.mb.ca/labour/standards/wrpa.html>. (Accessed March 2014). Nova Scotia and Saskatchewan also have similar laws, and other provinces have legislation that protects migrant workers, such as the Employment Protection for Foreign Nationals Act (Live-in Caregivers and Others) in Ontario, but not all of these laws require registration and/or licensing of employers and/or recruiters.

44 See also: Faraday, F. 2014. “Profiting from the Precarious: How recruitment practices exploit migrant workers.” Toronto: Metcalf Foundation. At: <http://metcalfoundation.com/publications-resources/view/profitting-from-the-precarious-how-recruitment-practices-exploit-migrant-workers/> (Accessed April 2014).

## 3.2 Economic Development Outreach

*“They’re people who live in those communities—[they] are government employees and know the people in the communities...Bob who runs the processing plant. Those are our conduit to provide information, and it’s two way. They may have a question about workforce development.”*

–PROVINCIAL GOVERNMENT REPRESENTATIVE

*“Economic development officers are the quarterbacks—they make the initial approach, then [we] go from there.”*

–PROVINCIAL GOVERNMENT REPRESENTATIVE

*“As [an] economic development officer...certainly I try to keep apprised of [funded] programs. When a new one is announced, or one is coming to a close, I forward that information to my business network.”*

–ECONOMIC DEVELOPMENT OFFICER

*“Take more of a consultative approach, get into the business! If [government] came within our businesses and understood how we worked, their policies might be more effective. The demand is rising from corporations for skilled immigrant labour; if there was more deliberate consultation, getting inside these companies, [government] would see more results.”*

–EMPLOYER

*“There continues to be a line between the social and the economic ministries. They’re not used to collaborating. There’s no systematic way in which we talk...about employers and employment and how employment supports could fit into ec[onomic] dev[elopment] strategies. We don’t have a whole-of-government way of talking to business.”*

–PROVINCIAL GOVERNMENT REPRESENTATIVE

Employers often deal directly with government through its economic development departments. Economic development officers—often called regional economic development officers at the provincial level and business retention and expansion officers at the municipal level—are a first port of call for employers on a range of business needs.<sup>45</sup>

Relationships between employers and these officers can also be a conduit for discussions about talent needs. Provincial government interviewees discussed the importance of this two-way communication through regional economic development officers, particularly for reaching employers in smaller or more remote communities.

Economic development officers inform their networks of employers about new programs, government consultations, and application opportunities for funding or other benefits. Officers may be the first to hear about an employer’s struggle to find employees with harder-to-source skill-sets or experience. At the same time, they may also be able to link those employers to immigrant talent pools available through government-funded employment service providers or make them aware of wage subsidies, training incentives, and other supports.

This approach to engagement was appreciated by many employers: interviewees referred positively to direct relationships with public servants working on both economic development and immigration files. In smaller provinces, this sometimes took the form of a direct line to senior officials such as ministers or deputy ministers, but the appreciation of direct contact and relationships was also expressed by those in larger communities. Key to the success of engagement was the ability to translate between business needs and available solutions, including the hiring of skilled immigrants.

To be an effective agent of engagement on this issue, the order for regional economic development and business retention and expansion officers is a tall one. First, they must

<sup>45</sup> While the role of these individuals may vary according to the community, their mandate is to foster economic development by assisting local organizations, businesses, and individuals with economic development plans and projects. They build networks with local businesses, helping them navigate available solutions and build broader (sometimes sector-wide) strategies for growth and success. They may interact with employers on a wide range of topics, including regulation, building and other permits, zoning, licensing, exporting, government procurement opportunities, tax incentives or other assistance, energy use and incentives, water use, waste disposal, and other sector-specific issues.

## ALLIÉS MONTRÉAL AND THE MONTRÉAL CRÉ

In Montréal, the co-location of Allié Montréal within La Conférence régionale des élus (CRÉ) de Montréal (Montréal CRÉ) can help integrate workforce development issues within broader economic development strategies. Allié Montréal is focused on helping enterprises integrate skilled immigrants into their workforces, while the Montréal CRÉ's mandate is to promote the development of the region more broadly. The CRÉ produces and implements a five-year development plan and coordinates with a network of government institutions and community partners on projects related to education and science, social development, creativity, economy and innovation, and the environment. By physically co-locating Allié Montréal within its offices, there are additional opportunities for broader regional strategies to include skilled immigrant integration. Such coordination ensures that Allié Montréal is part of diverse economic development networks and facilitates its work in connecting with employers.

act as *sensors*, relaying information on evolving industry needs back to government. They must also act as *marketers*, making industry aware of potential policy options and building the business case for accessing these options. They must further act as *navigators*, assisting industry in accessing those services that best fit their needs. Lastly, all of these activities involve *translation* between the languages of very different worlds.

For economic development officers to fulfill these roles, and for their engagement with employers to be mutually beneficial, a high degree of intergovernmental collaboration is required. Officers need to be aware of programs and services available across governments—and need to be equally at ease facilitating access to immigrant talent pools as they are with communicating information on business permits.

Currently, governments largely regard economic development as separate from what one government interviewee called “the social ministries,” meaning employment and immigration. Without a “whole-of-government way of talking to business,” economic development strategies rarely include outreach to employers about employment services. Yet workforce development, including support for skilled immigrants, has important benefits for business attraction and retention.

Overcoming historical silos and patterns of working is not easy, but by working collaboratively, ministries and departments can achieve their diverse objectives. This process is part of a larger challenge in which governments globally are seeking to integrate complex social services, and many of the lessons applicable to the general case can help here.<sup>46</sup>

While government engagement with employers via its economic development officers responds to employer preferences for direct engagement—and can increase program and service use through improved intergovernmental collaboration—concerns remain. It is not clear whether economic development officers reach not-for-profit and other enterprises that are important employers (and, one might argue, play a significant and complementary role in supporting economic development). Thus, while this lever may be particularly useful for engaging with private sector employers, other levers may be more effective for building sustained engagement between government and employers beyond the private sector.

There is also some concern that the reach of these officers is limited due to their own small numbers as compared to the number of enterprises they serve. For this lever to be a fully successful mode of engagement between government and employers, it may need to be expanded or re-designed with a broader reach. Alternatively, it can be used in coordination with other, complementary levers.

### 3.3 Funding of employment and settlement services

*“I think the federal agencies need to have rolled-up sleeves conversations with their provincial counterparts, with sector councils, to see what’s missing, and fund those [areas]...”*

-SECTOR COUNCIL

*“A lot of work needs to be done on the welcoming community side, not just the job side—or you’re just renting people, you’re not giving them a future.”*

-EMPLOYER

*“We have plans to build mentoring and connector programs particularly for the family... when the worker comes in, they have the support and social interaction in the workplace, but often the family doesn’t have the same degree of support. And if the family isn’t happy, they will move. So we focus on the spouse, partner, kids, to provide that home-away-from-home connection, you have someone to call if you have a question, or if you can’t find the information you’re looking for...”*

-ECONOMIC DEVELOPMENT ORGANIZATION

*“I think [we, in our province] realized a long time ago that it wasn’t the job exclusively that brought newcomers, but also the welcoming community... Creating a home, not creating a job, is the job.”*

-EMPLOYER

*“...an employer will spend a lot of money getting someone... [maybe] there’s not a language issue but...the number one reason people leave is because the spouse is not happy. The opportunity we offer to employers is to say ‘don’t worry, we’ve got this covered.’ A lot of employers here run lean machines—you have [only] so many people and so many resources...we try to be the gap-filler on those things.”*

-MUNICIPAL GOVERNMENT OFFICIAL

<sup>46</sup> See Gold, J., and Dragicevic, N. 2013. “The Integration Imperative: Reshaping the Delivery of Human and Social Services.” Toronto: Mowat Centre and KPMG.



Governments engage indirectly with employers by funding community agencies to deliver job readiness and work-placement services to skilled immigrants, as well as wage incentives and other initiatives that target employers.<sup>47</sup> Through funding, governments shape the form, governance, effectiveness, and networks of these community agencies, which in turn respond to the demands of multiple client groups, including employers. The day-to-day business of employer-led service design thus often takes place at government-funded, but independent, organizations in the not-for-profit sector. The nature, type, and amount of funding is a key area of leverage for improving employer engagement.

There are a number of opportunities and challenges when leveraging funding to engage employers. Government funding can be used to give employers a direct say in the shape and design of programs and services to help integrate skilled immigrants into their workplaces, such as by focusing funds on employer-led initiatives.

Municipal governments have partnered with immigrant employment councils and other service providers to leverage additional expertise, as well as both federal and provincial funding. For example, municipal and community partners in Prince Edward Island work together to host mixers and diversity events for the province's growing immigrant community, focusing on networking both for skilled professionals and business investors. Boards of trade and economic development agencies are also increasingly seeing such partnerships as relevant to their mandate.

47 While some of this funding may be considered "direct," such as wage subsidies to employers to hire a given individual, these supports and others are often delivered by community agencies.

## EMPLOYER INNOVATION FUND

In British Columbia, the Immigrant Employment Council of British Columbia (IEC-BC) administers a federally- and provincially-funded Employer Innovation Fund (EIF).<sup>48</sup> Giving employers resources and a direct say in developing a diverse workforce, the Fund awarded \$1.4 million in 2013 to 11 projects in six key industry sectors across the province. Funded projects are "employer-led, employer-driven and address employer needs to effectively attract, hire and retain skilled immigrants in BC workplaces" and include resources to help employers assess foreign qualifications, integrate skilled immigrants into their workplaces, and start community and industry-based outreach campaigns to recruit and retain new skilled immigrants.<sup>49</sup>

48 Immigrant Employment Council of British Columbia. 2013a. "Employer Innovation Fund." At: <http://www.iecbc.ca/our-initiatives/employer-innovation-fund#sthash.sUoFY9ux.dpuf> (Accessed March 2014).  
49 Immigrant Employment Council of British Columbia. 2013b. "\$1.4 Million Awarded to Help Employers Attract and Integrate Skilled Immigrants." At: [http://www.iecbc.ca/sites/default/files/IECBC\\_news\\_release\\_provincial%20%28final%29.pdf](http://www.iecbc.ca/sites/default/files/IECBC_news_release_provincial%20%28final%29.pdf) (Accessed March 2014).

A number of employers interviewed are not only interested in supports directly related to hiring talent, but are also aware of the importance of welcoming a skilled immigrant and his/her entire family into the community. Across the country, employers, intermediary organizations, and government interviewees emphasized the funding and delivery of settlement services to employees and their families as key for skilled immigrant employee retention.

Employers concerned about “the community integration piece,” which one business owner saw as “the biggest barrier” to workforce retention in smaller centres, wanted government to take a leading role. While many government interviewees also agreed, there are concerns that recent changes and cuts to settlement funding may make this more difficult.<sup>50</sup>

Failing to prioritize funding for community building initiatives may be costly: government funds spent to prepare and place an individual in a job are wasted if the individual and his/her family leave the community or country due to a lack of integration. This underscores the importance of maintaining and enhancing “traditional” settlement services even when policy trends increasingly emphasize other enterprise needs.

Several organizations are pursuing innovations in this area. For example, a proposed pilot project by an economic development organization planned to request provincial funding in order to offer settlement services to the business community for a reduced fee. By doing so, its aim was to demonstrate the benefits of working with an immigrant’s entire family. While the goal was that these services would eventually be offered on a full fee basis to employers, the majority are still primarily dependent on government funding at the federal, provincial, and municipal levels.<sup>51</sup>

This reliance on government funding was reflected in interviewees’ feedback on the federal-provincial Labour Market Agreements (LMAs), which were viewed as enabling service providers to innovate and sustain programming

that engages employers. One interviewee called the LMA a “quantum leap forward” over previous funding structures, given its facilitation of constructive employer engagement in the development of the skilled immigrant workforce.

Most employers said they would be unlikely to pay for services they currently receive for free (for example, via funding through the LMAs). For some, the services were not up to the competitive standard set by fee-levying professional talent-acquisition agencies. These employers viewed the free services as complementing a social responsibility agenda. For others, especially those in the not-for-profit sector, the lack of fees allowed them to access services they could not otherwise afford.

Uncertainty and instability in government funding for programs and services was an overriding concern voiced by employers, immigrant employment councils, and other intermediary organizations interviewed. For example, employers valued wage subsidy programs, but due to frequent changes were often not aware when these programs were available, for how long, or the specific eligibility criteria. Such instability can be challenging for service delivery organizations—and for their ability to innovate—and can also make employers wary of deeper engagement with government via the programs and services it funds.

Visibility and marketing are important for government. Employers may or may not link the usefulness of the resources provided by community agencies to government policy and action. Greater promotion of existing programs and services, beyond a logo on a website, may help increase employer recognition and feedback. Support from employers could in turn bolster political will to maintain initiatives that are noted to be particularly effective.

Funding that devolves decision making can also help ensure that local needs are met. For example, funds channeled through the LMAs gave provinces the tools to design and implement programs and services that would be most useful in their respective jurisdictions. Similarly, municipal government-managed funds for welcoming communities initiatives can be closely targeted to meet the specific gaps and needs in the local community.

50 For example, 75 per cent of the federal funding to Local Immigration Partnerships (LIPs) was cut in Ontario in 2012. (Bejan, R., and Black, C. 2012. “Balancing the Budget but Who’s Left to Budget the Balance: A Visual Representation of Professional Networks within Toronto East Local Immigration Partnership.” Toronto: University of Toronto and Meta Strategies. At: <http://www.metastrategies.com/portfolio/BalanceBudgetLIPmappingreport.pdf> (Accessed April 2014)).

The federal government has also re-centralized settlement funding decisions that were previously devolved to Manitoba and British Columbia.

51 As a postscript to this example, unfortunately the economic development organization proposing this pilot project was later forced to close its doors due to a loss of government funding.

## 3.4 Intermediaries

*“Everyone pays lip service to the idea that talking to employers is important, but how to do it? We’ve had to stop pretending that we can learn to speak ‘business’ effectively, and embrace partnerships and intermediaries to engage employers.”*

–PROVINCIAL GOVERNMENT REPRESENTATIVE

*“...[the sector council model] has been very successful in that we were able to...collectively create affinity groups that looked to see where we could again, using economies of scale, look at co-location, shared services, training and development hubs. How could we, rather than reinvent the wheel every time a sector needs management training... just create one and share it across the board. The network [of sector councils] has always worked to do that, and [to] look for opportunities for career awareness and exposure to the next generation, to immigrants, to Aboriginal workers, all the target audiences, to support all sectors...”*

–PROVINCIAL GOVERNMENT REPRESENTATIVE

*“Distinct sectors have industry associations that typically drive the conversation [on engagement]. When I think of an [industry] association, they have or should have a mandate around recruiting and HR—the attraction and retention of resources in our labour market. And immigration is something they should be thinking about as part of that.”*

–EMPLOYER

*“When I think of getting things done...I look at sector councils or de-facto sector councils. They have strong connections, not only to one another but to employers in their field, up into government and also to the regulatory bodies. It seems completely logical for there to be a role for them.”*

–NOT-FOR-PROFIT DIRECTOR

*“Let’s give employers a resource with the people they know. Sector councils could be the expert in a community of practice: have professional facilitators making that community come alive. They’re the ones who do research, who document the reality of HR in their sector; they talk about how to manage it, how to train it, evolve it. Why not integrate immigrants? It’s the next pond where [employers] have to fish.”*

–PUBLIC OFFICIAL

Both employer and government interviewees noted that they connect with each other through intermediaries such as professional or industry associations, chambers of commerce, business councils, sector councils, and similar bodies.<sup>52</sup> Many of these are organizations that advocate for or support enterprises (see sidebar on next page). Each type of organization has its own focus and style and may also vary considerably from place to place in its strengths, capacities, and networks. Our focus here is on how government engages with employers through industry- or employer-led intermediaries, but we also recognize that successful engagement occurs across a wide range of intermediary organizations, such as immigrant employment councils (IECs).

<sup>52</sup> In some cases, service providers in the not-for-profit sector who deal with employment issues may also have advisory boards comprised of representatives of industries or of individual employers. While not separate organizations, these boards are a venue for engagement between employers and government via employer input on the use and delivery of government funding channelled through not-for-profit service providers.

## TYPES OF EMPLOYER-ORIENTED ORGANIZATIONS

Some of the following examples are civil-society groups that are organized independently from government; others are arm's length organizations created by a public-sector mandate.

### Chamber of Commerce/Board of Trade

Chambers of Commerce and Boards of Trade serve as direct advocates for their membership, which is composed of businesses in any sector within a geographic area. They provide direct services and advice to members, as well as a voice on public affairs that affect them directly.

### Business Council

A Business Council is made up of senior leaders in the private sector who meet to exchange experience and advice and to find common ground on policy issues broadly related to business and economic development in a region. Unlike Chambers or Boards, membership is personal rather than corporate.

### Industry Association

Industry Associations draw their membership from employers belonging to particular economic sectors in a particular geographic area. A more specialized version of Chambers of Commerce, these associations work on areas of common interest such as industry standards, advocate for their members in public policy debates, and may offer strategic advice based on research.

### Economic Development Organization

Economic Development Organizations may be formally incorporated into a government (usually a municipal government), may be quasi-governmental corporations, public-private partnerships, or may be not-for-profit agencies. Regional in focus, they conduct strategic planning, convening, and support activities dedicated to business attraction, improvement, and retention.

### Sector Council

Sector Councils are partnership organizations that comprise representatives from business, labour, education, and other groups to address skills development and human resource issues. They focus on specific sectors, build the stock of sector-specific labour market information available, and work to implement solutions to human resource issues in collaboration with key stakeholders.

Among these intermediaries, sector councils and “sector council-like” organizations were frequently mentioned by interviewees as key sites of engagement between government and employers. While national-level sector councils have lost their federal funding, some provincial-level sector councils continue to exist, and some national councils have been funded by other sources.

Designed as sector-specific partnerships to address human resource issues, sector councils have many of the features that can transform disparate government and employer perspectives into effective policy. They can maintain a consistent network of employers over time and can speak to them in the language that reflects the business needs of the sector. At the same time, they have a unique perspective that combines business development and retention, workforce development, strategic research, and high-touch consultation. Sector councils are situated between employers, workers, service providers, and governments. Their mandate is flexible and allows for the incubation of innovative approaches, adapted to regional and sectoral circumstances.

Government interviewees in particular described a number of sector councils as well as sector council-like organizations through which they work with employers, as outlined in sidebar.

Whereas other industry-led intermediary organizations may focus on broader economic development issues of concern to their members, sector councils focus specifically on human resource issues in their sector. Such specificity would seem to provide a useful channel for employers and governments to engage on talent needs, including any additional training support that new or existing employees may need.

Yet interviewees noted wide-ranging experiences with sector councils and sector council-like organizations, ranging from very fruitful (and ongoing) to haphazard and disappointing. Interviewees noted that sector councils focus on producing useful information rather than being “seen” and are thus quieter champions for businesses and job seekers than those looking to change public policy through public campaigning.

However, due to their dependence on discretionary government funding, individual sector councils can exist in a state of perpetual uncertainty. The current lack of funding for many sector councils can also lead to high turnover, leadership challenges, and internal staffing issues. If employers are to depend on intermediary organizations as a core resource and channel for engagement, these organizations must have a long-term, sustainable operating model. Collaborative funding agreements between governments and other partners could help build sustainability. Such stability could then enable intermediary organizations to build internal capacity, pilot innovative initiatives, and maintain long-term relationships with multiple stakeholders, including employers.

## EXAMPLES OF SECTOR COUNCIL INITIATIVES ACROSS CANADA

### British Columbia

In British Columbia, the provincial government invests in three Regional Workforce Tables that include key post-secondary institutions and major employers that work together on regional workforce strategies. In addition, sector roundtables for mining, natural gas, shipbuilding, and other key industries in British Columbia convene stakeholders and discuss key issues facing the given sector.

### Quebec

Quebec’s provincial government has maintained a strong mandate for its regional sector councils, tapping them to develop tools employers can use to access and retain immigrant talent.

### The Maritimes

Health Human Resource Councils in the Maritimes are coordinating employer and government perspectives to develop a Human Resources Systems Navigator to increase employer awareness of talent-recruitment programs and make these easy to access.

### Nova Scotia

The provincial government in Nova Scotia funds sector council and sector-council like organizations, including multi-stakeholder groups that focus on the regulated professions.<sup>53</sup>

### Manitoba

In Manitoba, there are around 17 sector councils,<sup>54</sup> as well as their umbrella organization, the Alliance of Manitoba Sector Councils. Rather than building new programs to support immigrant integration, the Alliance works to connect existing programs and services, and interviewees also mentioned the connecting mechanism that individual sector councils can supply in their respective sectors. According to an interviewee, the provincial government decision to fund sector councils in Manitoba came from the Minister’s Advisory Council on Workforce Development, a small group of representatives from industry, labour, and not-for-profit organizations that advises the Minister of Jobs and the Economy about trends related to career and workforce development.

<sup>53</sup> Nova Scotia Department of Labour and Advanced Education. 2012. “What is the Sector Council Program?” At: <http://workplaceinitiatives.novascotia.ca/sector-council-program/> (Accessed March 2014).

<sup>54</sup> Many of these organizations referred to as “sector councils” are in fact industry associations, but all are focused on long-range human resources planning and are supported by the provincial government.

Reinvigorated intermediary organizations would also require consistent and robust evaluation metrics. Evaluations of sector councils published to date are cautious, forward-looking, and emphasize the challenges of measuring impact.<sup>55</sup> Evaluation metrics would need to strike the right balance between promoting consistency across all intermediary organizations and enabling responsiveness to local communities and specific sectors. Meeting this challenge is an opportunity to both build capacity and help sustain funding of these organizations.

Industry-focused intermediary organizations present government with the opportunity to engage with and support smaller enterprises, which is often more challenging. Given the large number of individuals employed by small and medium-sized enterprises across Canada, engagement with these enterprises is an important opportunity. Intermediary organizations can translate the needs of smaller enterprises to government, respond to the training needs of local enterprises, and can also offer other support, such as assistance in navigating the upcoming Express Entry system.

While the focus here is industry-led organizations, immigrant employment councils (IECs) remain vital intermediaries in this space. A national network of allied, regionally-focused bodies, IECs specialize in bringing business champions together with policy-makers. These councils have a specific mandate to foster solutions to skilled immigrant employment and are well-informed about programs and services available to employers to support the employment of skilled immigrants.

## 3.5 What's working elsewhere?

We conclude our analysis by comparing the current situation in Canada with several international examples. Although a detailed review of the initiatives mentioned here is beyond our present scope, we apply the same lens of leveraging legislation and policy, economic development outreach, funding, and intermediaries noted above to draw potential lessons for Canadian efforts on skilled immigrant employment.

In Michigan, the Michigan Works! System was created in 1996 as the first state-wide, integrated workforce development system in the United States.<sup>56</sup> With “one-stop” service centres located throughout the state, employers can visit a local centre to speak with staff about their business and hiring needs and can also post a job through the system's integrated database, Talent Connect. Each centre is overseen by a Workforce Development Board, which includes both private sector representatives and local elected officials. Michigan Works! also offers updates on talent development programs, legislation, and policy to its Associate Member employers, as well as Business Solutions Professional training for employers themselves.<sup>57</sup>

This mixture of involvement by public, private, and not-for-profit<sup>58</sup> representatives has created a system with local flexibility through its service centres and Michigan-based solutions while at the same time collaborative, integrated channels of information and access. The Michigan Works! System's focus on economic development in a broader sense—through its inclusion of professional development and training for employers themselves, as well as updates on relevant policies and legislation—means that employers receive support with other business and enterprise concerns in addition to talent. Thus, while technically an intermediary organization, Michigan Works! also has some of the features of the economic development outreach lever discussed above.

Other initiatives take a sectoral approach. For example, in Cleveland, Ohio, Westside Industrial Retention and Expansion Network (WIRE-Net) is a not-for-profit economic

55 Watt, D., and Gagnon, N. 2005. “The Skills Factor in Productivity and Competitiveness. How Canada's Sector Councils are Helping Address the Skills and Labour Needs of Employers.” Ottawa: Conference Board of Canada, p. 21.

56 Michigan Works! Association. 2013. “About Michigan Works.” At: <http://www.michiganworks.org/about-michigan-works/> (Accessed March 2014).

57 Ibid.

58 The Michigan Works! System also includes the Michigan Works! Association, which is a not-for-profit, membership-based organization that focuses on talent development in Michigan.

development organization that focuses on linking employers and job seekers in the manufacturing sector. Employer-led, it directly involves employers in the design and delivery of programs, and its funding model relies on revenue from employers.<sup>59</sup> Government engagement with employers through WIRE-Net has occurred primarily through its funding lever, as both the municipal and state governments have also provided funding to the organization.

Other jurisdictions with sector-specific intermediaries include the United Kingdom, which has developed a Sector Skills Council (SSC) program inspired by the Canadian model. Sector councils are primarily focused on skills needs and undertake core work centred on research, standards, and qualifications and also implement programs and other solutions designed to meet employers' needs for talent, training, and increased productivity.<sup>60</sup> Since 2010, the funding model for the Sector Skills Council program has shifted to encourage "collective employer ownership," meaning that government support is now provided through competitive investment funds rather than via grant funding.

In Australia and New Zealand, governments have adopted approaches similar to Manitoba, using regulation as a tool to provide recruitment support and to incentivize the use of local talent pools. Australia offers Enterprise Migration Agreements to the resource sector;<sup>61</sup> these agreements are meant to facilitate the rapid assembly of large workforces, including through the recruitment of temporary foreign skilled workers. In exchange for a detailed commitment by employers to develop up-skilling and recruitment plans for un- and under-employed workers already in Australia, the government helps organize and expedite foreign recruitment when no local talent is available.

Similarly, New Zealand's Canterbury Skills and Employment Hub offers to expedite employer applications for foreign workers in the skilled trades if the employer registers with the Hub prior to the submission of the application.<sup>62</sup> In return, the Hub will attempt to find qualified applicants

within New Zealand. If it fails to do so, the Hub will provide a letter of reference to the Ministry of Immigration to waive the requirement for a Labour Market Impact Assessment-equivalent.

In both the Australia and New Zealand cases, the government supports employers in finding the talent they need by first supporting recruitment within the respective country. This approach could be applied, as it has been in Manitoba, to emphasize the employment of recently arrived, permanent immigrants.

These initiatives reflect multiple forms of engagement between governments, employers, and other partners such as not-for-profits and intermediary organizations. Importantly, none is a "silver bullet" solution, but instead, each leverages locally-relevant solutions and innovations to propel engagement forward to meet talent needs and reduce unemployment. Like Canada, other countries are still developing employer leadership of labour market programs. The clearest lesson to be drawn may not be to copy any particular international example, but rather to recognize that rigorous testing, experimentation, and information exchange between jurisdictions can continue to inform and improve engagement strategies.

59 Westside Industrial Retention and Expansion Network. n.d. "Westside Industrial Retention and Expansion Network. Where Manufacturing Matters." [website]. At: <http://www.wire-net.org/> (Accessed February 2014).

60 UK Commission for Employment and Skills. 2012. "UK Sector Skills Councils Annual Report 2011-2012." At: <http://www.ukces.org.uk/assets/ukces/docs/publications/ssc-annual-report.pdf> (Accessed February 2014).

61 Australian Department of Immigration and Border Protection. 2013. "Fact Sheet no.48a -- Enterprise Migration Agreements." At: <http://www.immi.gov.au/media/fact-sheets/48a-enterprise.htm> (Accessed April 2014).

62 Immigration New Zealand. 2013. "What is the Canterbury Skills and Employment Hub?" At: <http://www.dol.govt.nz/immigration/knowledgebase/item/7305> (Accessed April 2014).

To work well, each  
lever requires  
collaboration as  
well as devolution  
of power for local,  
place-based  
solutions.



# 4

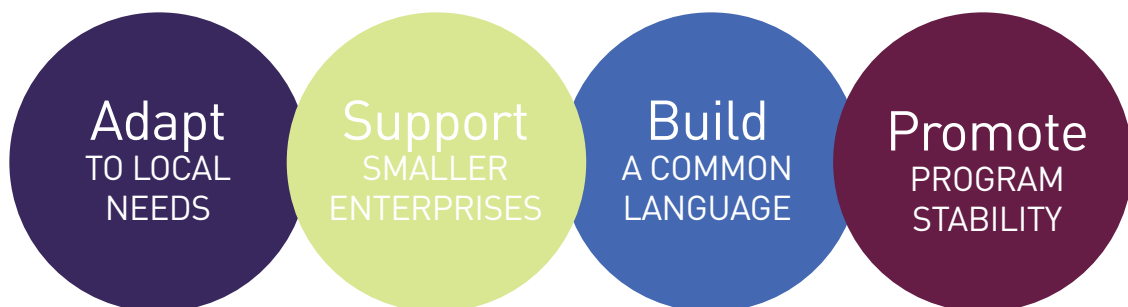
## Principles for action

Above, we have discussed four tools at government's disposal to engage employers on skilled immigrant employment. In order to translate our evidence into recommendations for action, we first recognize that the four identified levers—legislation and policy, economic development outreach, funding, and industry-focused intermediaries—have certain features in common.

First, the four levers vary in their characteristics as “carrots” and “sticks,” and thus range from options that mandate compliance to those that incentivize action. Secondly, to work well, each lever requires collaboration—between government departments, levels of government, and/or with other entities—as well as devolution of power for local, place-based solutions.

Given these characteristics, some levers may be more effective in large jurisdictions, with employers of various sizes or from different sectors. Smaller governments may find it more efficient to interact with employers using certain tools rather than others, and it may be effective for employers to engage with governments using different levers, depending on their internal capacity, priorities, and the environments in which they operate. In some situations, what works well may be less related to size, as both large and small provinces may have highly localized decision-making processes/environments, albeit for quite different reasons.

When mapping this framework to a given jurisdiction and making decisions about which levers could be more effectively selected and perhaps combined, it is useful to keep in mind several principles: adaptability, support for smaller businesses, building a common language, and stability. These principles underpin our recommendations for action.



## 4.1 Adapt to local needs

*“All I’m saying is, there are programs in place, some work, the TFW works for some industries, the PNP works for a couple of provinces. If the government takes the view that we need a package of three or five programs, [that’s great]...but it’s always a cross-Canada program and that’s a killer. Don’t go back to that.”*

*-EMPLOYER*

When designing a toolkit for employer engagement, place and context matter. Canada has a regionally-segmented labour market as well as distinct regional cultures. Provincially-controlled immigration streams may work well in part due to this labour market differentiation. Likewise, employment equity has had an uneven legacy, working better for some groups than for others, and receiving more support in some environments than in others. For example, Quebec has successfully implemented provincial employment equity legislation, but similar legislation in Ontario was unpopular and quickly repealed.

In the context of regional differences, the more direct the channels of communication between employers and government, the better. Employers in a small province can call senior public officials directly to explain their needs and perspectives, but this is not practical in large provinces. To have the same level of effective communication in larger provinces, engagement may be mediated through others, such as economic development officers or industry-focused intermediary organizations. To be successful, these channels need to be as direct and as responsive as possible—which means constructing them based on the local context.

This suggests two pathways for action. One is to loop in economic development officers, as well as other intermediaries such as sector councils, as front-line consultants with employers. Face-to-face contact with industry-focused intermediaries that provide solutions to a holistic range of business needs, including talent, helps strengthen employer relationships with government representatives in a way that builds trust and provides incentives for ongoing engagement. Effective intermediaries may differ between environments, depending on local conditions.

The other pathway is to establish incentives for employers, or their representatives, to pilot their own solutions using public funding. British Columbia’s Employer Innovation Fund (described above) is an example of letting employers design programs to fit their local needs. Such opportunities for direct participation help make engagement active and direct—a significant improvement over passive or blanket forms of engagement that either do not consider the local context or ask for input without delivering follow-up solutions.

Adaptable, place-specific strategies have progressed significantly since the signing of the Labour Market Agreements between the federal and provincial governments. Their successor agreements, the Canada Job Funds, must learn and benefit from that legacy.

## 4.2 Support smaller enterprises

*“An area where we could have a big impact is creating a tool for SMEs to have greater success in [recruitment]. Consortiums of companies might tie together for common sector or skillset requirements. We need to push the envelope in terms of how we structure things to be more effective for SMEs, because in anything HR related, SMEs are disadvantaged. They need some help.”*

*-CHAMBER OF COMMERCE*

In the past, the path of least resistance for governments has been to engage with a few large employers. Improving the breadth of engagement with employers will involve confronting this legacy.

New strategies for engagement will have to plan, from the beginning, to offer additional help to smaller enterprises if they want those employers to participate—whether in legislation such as employment equity, immigration streams and/or systems such as Express Entry, or employment programs and services funded by the government. As small- and medium-sized enterprises (SMEs) employ the vast majority of the workforce in Canada, this is an important goal.

Existing equity laws do not apply to SMEs, and these would face the greatest challenges in meeting any additional legal obligations. Smaller enterprises lack the Human Resources capacity of larger firms that allows these employers to absorb regulatory obligations.

One way to provide support for smaller enterprises is to combine levers of engagement: intermediary organizations and/or economic development officers can assist smaller employers in engaging with legislation on both immigration and equity. This may include information sessions, public education tools, or one-on-one consultations with smaller enterprises to inform them of legislative changes, expected impact, and to help them adapt accordingly.

Policies can also be designed to produce efficient results for those enterprises that do engage. For example, Manitoba's Worker Recruitment and Protection Act (WRAPA) introduces a regulatory obligation, but it can also provide direct access to an easy and efficient talent solution for an enterprise (as employers are made aware of local immigrant talent pools during the process of applying to recruit abroad). This can lower costs and increase benefits for smaller enterprises.

The need to support smaller enterprises echoes the need for adaptability discussed above. Given their proximity, provincial and municipal governments have key roles in making sure smaller enterprises are brought to the table; they need to have the funding and mandate to make this happen.

## 4.3 Build a common language

*“The issue is, even when we talk about employers—that’s a misnomer. They’re not employers, they’re private or public enterprises. Those organizations have mandates, the mandate of what we would consider an employer is not to employ people, it’s to make money. And similarly, in the public sector, an institution delivers a public good. We need to focus on the goals of the enterprise... [they are employers,] but tie that back to the reason for being, to produce income or shareholder equity...the focus should be on increasing productivity, not employing people.”*

-SECTOR COUNCIL

The effectiveness of any lever of engagement will depend on communication via a common language between government and employers. This operates on two key levels.

First, employers prioritize their enterprise goals—producing or distributing a good, selling a service, or increasing shareholder value—while governments are responsible for providing public goods. These different orientations often make it difficult to communicate in ways that identify shared goals. Economic development and business retention and expansion officers who speak with enterprises about their wide-ranging needs can help translate between government and employers.

Secondly, employers can be supported and encouraged to more concretely define the skills and competencies required for their open positions. When these needs are articulated based on specific competencies, both government and skilled immigrant job seekers can more easily work with employers to meet their goals. A number of government-funded programs are moving in this direction, and regulatory action is starting to encourage discussions between government and employers in this area as well. For example, the Ontario Human Rights Commission's recent policy on removing “Canadian experience” as a job requirement deepens the incentive to build clearer hiring language.

Competency-based language can help government and employers work together to more clearly identify which skills are needed, which skills are available, and which skills may need to be developed locally or sourced abroad. This means moving beyond the use of the National Occupational

Classification codes, which specify a level of educational attainment and a number of years of experience without explaining which competencies have been achieved or are expected. Such classifications may be particularly opaque for SMEs and are not well-suited to a dynamic economy and labour market in which new industries and positions are continually created. Competency-driven evidence and common understanding can influence training programs and immigration policy and can help government and community agencies to more successfully connect employers to appropriate job seekers.

Improved labour market information at the national and regional levels should continue to be a critical goal, but it will not happen overnight. In the meantime, broader use of competency-based language around talent needs is an incremental step that can identify potential labour and/or skills shortages in certain geographical areas or sectors—and can facilitate action. In the long term, effective labour market forecasting based on competencies can also enable job seekers to move between positions and different sectors that require their same competencies. This is particularly important in an evolving and flexible economy and labour market.<sup>63</sup>

Common, competency-based language can also help the Express Entry system succeed. This case management system will select candidates based on labour market demand. If labour market information is not robust and employers do not have direct access to the system, it is not clear how this approach will necessarily deliver better outcomes. A common, competency-based language between government and employers will ensure that government representatives are better able to influence the selection of immigrants based on employers' needs.

Communication via a common language—or through intermediaries able to deftly translate—will also help to increase interest in continuing engagement. This can affect the stability and success of demand-led employment services: employers must articulate support for the continuation of programs and services that work well for them. Innovative marketing and branding of present and future government-run or government-funded programs may make it easier for employers to trace successful initiatives to their funders, and industry-led intermediaries can ensure that employer feedback reaches government decision-makers.

## 4.4 Promote stability

*“As people meet over time, they start to trust each other. A lot of the resistance to talking about these issues fades away. People feel comfortable to think critically about processes and what is needed. It’s interesting to see those silos start to break down. Then collaboration can happen much more readily.”*

—PROVINCIAL GOVERNMENT REPRESENTATIVE

Our recommendations are timed to take advantage of transitions in both immigration and labour market policy, and at the same time to warn against constant disruption that pushes back progress on these issues. When keeping up with policy changes is a full-time job, employers disengage with consultations and government programs.

This disengagement is illustrated by employer interviewees who spoke about the loss of the accelerated Labour Market Opinion (a-LMO) as well as the confusion caused by hiring incentives available only for a limited time. Government-funded incentives for employers to hire un- and underemployed skilled immigrants, such as wage subsidies and internships, were viewed positively by industry. However, these were hard to rely on or access, given rapid changes and cancellations. Ease, predictability, and timeliness are key drivers underpinning employers' use of entry streams and other employment supports.

Anxieties surrounding the design of the Canada Job Grant are similarly related to stability and risk. The grant expects up-front employer investment and may involve a diversion of funds from programs with which employers have had years to become familiar. This is just one example of a general problem whereby programs, services, and intermediary organizations through which the government hopes to engage employers have a track record of instability in funding, governance, applicability, requirements, and staff contacts.

Instability in funding leads to an unpredictable program and service terrain; perhaps even more importantly, it leads to problems finding leaders willing to champion engagement. Instead, leaders spend time trying to catch up with a shifting landscape of opportunities and relationships.

63 See Drummond D., Beale, E., Koby, K., Loiselle, M., and R. Miner. 2009. “Working Together to Build a Better Labour Market Information System for Canada: Final Report.” Advisory Panel on Labour Market Information.

On the other hand, when employers, governments, labour, educators, and others have managed to maintain stable engagement over the years, such as in Nova Scotia's Multi-Stakeholder Working Groups, the trust and understanding developed have been applied to the successful design and roll-out of many other collaborative initiatives.

Stability is key to successful engagement via all—or any—of the levers discussed above. It links the levers together, as funding stability has an impact on other levers such as intermediary organizations and economic development activities. It is also interwoven with other key principles: stability is even more important for smaller enterprises with less internal capacity to manage risk or follow rapidly evolving programs and services.

Frequently,  
engagement is  
most effective  
when these  
levers overlap  
and are mutually  
reinforcing.

# 5

## Conclusion

The four principles for action described above—adaptability, support for smaller enterprises, building a common language, and stability—are distinct but interlocking, cutting across the four levers for engagement. In this final section of the paper, we translate both the key levers and these cross-cutting principles into recommendations for action.

Our proposals focus on improving the interaction between government and employers as an engine for solutions, and we look at how this machinery can be made more powerful. To this end, we have asked: how can we decrease the risk, and highlight the reward, of identifying and hiring skilled immigrants who fill labour market needs?

For many employers, the value of skilled immigrant talent should be obvious. As the need for Canadian firms to diversify their export markets becomes glaringly apparent, leveraging diaspora networks that can help exporters better understand global markets should be a key element of Canadian business strategy.

Key tools that should help employers identify and hire skilled immigrants to fill their talent needs include legislated responsibilities, funding for programs and services, economic development outreach, and partnering with industry-focused intermediary organizations. Frequently, engagement is most effective when these levers overlap and are mutually reinforcing.

For example, legislation such as Manitoba's WRAPA is particularly useful when combined with other supports, such as the integrated database of immigrants and referrals to ManitobaSTART's talent pool of job seekers within Canada. In this case, the legislation is a hook that pulls together multiple initiatives to create better outcomes for skilled immigrants and the enterprises that hire them.

The upcoming Express Entry system provides important opportunities for government engagement with employers. Billed as a demand-driven approach to economic immigration, Express Entry could have the flexibility to serve different regions and engage enterprises of all sizes, as long as it is designed with the necessary supports in place, particularly for smaller enterprises. This will be facilitated by having provinces at the table, given that they are in closer contact with municipalities and have a better understanding of local employer needs. A common understanding between all actors to focus on core competencies, rather than more general "Canadian experience" criteria, can also facilitate success in employing skilled labour already in Canada.

The renewed Labour Market Agreements, now known as Canada Job Funds, can also provide employment supports that make sense for all jurisdictions and for job seekers and employers with varying needs. Initiatives pursued should be adaptable to local jurisdictions, provide support for smaller enterprises, build a common, competency-based language, and should be stable over the long term.

Each actor has its own unique role to play in this space. The role of the federal government in engaging employers is to act as an enabler, creating a strong framework for direct engagement by provincial and municipal governments. It can also create the structures that enable employers to more easily access immigrant and other talent already in Canada. The role of the provincial governments is to design and implement strategies and systems that engage employers in meeting their talent needs while also helping to reduce skilled immigrant unemployment. The role of municipal governments is to directly interface with employers and immigrants in their communities. Finally, the role of employers is to engage with government when relevant to meet their talent needs and strengthen their enterprises. Employers are also responsible for creating fair and inclusive environments within their workplaces.

While each actor has a unique role and brings its own expertise to the table, collaboration and coordination between and within levels of government, including across social and economic ministries, is necessary to ensure that immigration policy, labour market policy, and economic development strategies engage employers and deliver efficient outcomes.

## Recommendations

1. **Governments should develop clear strategies for engaging employers as part of labour market policy and program development.** Using the levers described above, governments should develop comprehensive engagement strategies for employers of varying sizes, sectors, and jurisdictions. This is particularly crucial for the success of the demand-led employment supports system.
2. **Governments must use an integrated, whole-of-government approach to workforce development** and ensure that all departments, including economic development offices, from across all governments are aware of available programs and the advantages of these programs to particular client groups. This approach might be facilitated by the renewed use of tripartite agreements between federal, provincial, and municipal governments.<sup>64</sup>
3. Given the anecdotal evidence for the positive impact of economic development and business retention and expansion departments on employment, **governments should undertake more rigorous analyses of the Return-on-Investment of these programs and increase funding** if there is evidence to support our informants' conclusions that these have a very positive impact.
4. **Implement rigorous, harmonized metrics for evaluation of the Canada Job Grant, the Canada Job Funds, and other employment supports.** Governments should regularly measure outcomes, report these publicly, and make changes accordingly.
5. The federal government should **support more avenues for recruiting skilled labour within Canada and, in the process, diminish the desire for employers to use the TFW process to fill longer-term positions.** Support for recruitment within Canada would include requiring employers to engage with provincial employment agencies if they wish to recruit abroad; allowing immigrants to opt-in to a system that would share their information with potential employers; and devolving more decision-making power on immigration to provinces and municipalities through expanded PNPs, as these governments have better labour-market knowledge.

<sup>64</sup> Shirey, J., and Tan, S. 2014. "Redesigning Collaboration: Opportunities for Innovation in Toronto's Labour Market." Toronto: Mowat Centre.



6. Provinces should **pass legislation implementing a recruiter licensing and employer registration system similar to Manitoba’s WRAPA**. While designed primarily to improve inspection and enforcement of labour law with respect to TFWs, this legislation has been crucial in successfully establishing diversion channels that encourage recruitment within Canada.
7. Employers, governments, and other agencies should work together to **develop locally-based labour market information**. Some organizations, such as the Toronto Financial Services Alliance, are already doing this for their own sector. If these existing efforts are standardized and combined, the quality of information can be improved. Local efforts should not replace the ongoing need for the federal government to improve its national data collection and dissemination efforts.
8. Provinces need to **better engage with employers to understand their needs**. This work should be undertaken in a manner that incentivizes employers to move toward competency-based hiring practices. Some steps would include using procurement to encourage firms that do competency-based hiring; co-locating sector council-like intermediaries with economic development agencies; and assertively branding publicly-funded programs.
9. Cities should **pilot programs to incentivize ongoing employer engagement with government via existing channels such as business licensing**. When obtaining a business license, an employer could opt-in to a “Diversity Program,” which could include training about competency-based hiring, peer-learning about best practices, information about resources to facilitate hiring of immigrant labour, and public recognition.
10. Employers should **provide feedback directly to government and through organizations such as sector councils and chambers of commerce about which employment supports work well for hiring**. When the programs and services that work well are reinforced by employers’ feedback, it can provide needed support for government programs, contribute to their stability, and build trust between governments and employers.

While the 2014-15 Federal Budget notes that Express Entry will enable “the Government of Canada, provinces and territories, and employers to actively target highly skilled immigrants,” the details of how this will be done are not yet clear. The shape and content of the renewed Labour Market Agreements are also not yet evident, and some provinces are still in negotiations with the federal government regarding the Canada Job Grant. As the shifting landscapes of both immigration and labour market policy intersect, governments have an opportunity to introduce innovative demand-led initiatives based on employers’ needs.

To identify these initiatives—and to adapt as the economy evolves and global markets shift—governments must engage effectively with employers. This paper has identified a number of mutually reinforcing levers for engagement that are likely to yield better results for government, employers, skilled immigrants, and for Canada as a whole.

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