

CKX Solutions Lab

Discussion Guide

EMPLOYMENT

The Challenge

How can we leverage supply chain networks and other business-to-business relationships to improve competitive small business positioning, long-term small business success and support the career development and employment of vulnerable youth in Canada?

Why is this a problem?

Since 2008 the unemployment gap between youth and older workers in Ontario has been the biggest it's ever been. This gap is worse than the youth-adult unemployment gap in the 1981-82 and the early-1990s recessions. So far in 2013, **Ontario's youth unemployment rate has fluctuated between 16% and 17.1%** – higher than the Canadian youth unemployment rate, which has ranged between 13.5-14.5%. Ontario's youth unemployment performance is among the weakest of the Great Lakes jurisdictions. At 16.9%, Ontario's 2012 youth unemployment rate rivalled that of Michigan's and was higher than Indiana, Minnesota, Ohio, Pennsylvania and Wisconsin.

Depending on whom you talk to, Canada's labour market is either going through an extended rough patch or is fundamentally broken. Companies in a range of industries, from information technology to natural resources, complain they can't find enough qualified workers to fill advertised positions. The situation has been dubbed a "skills gap" or "skill mismatch". But not everyone believes a skills gap actually exists, however. Economists at TD Economics penned a report last fall that cast doubt on the idea, although they did concede that some industries and regions, like oil-rich Alberta, are experiencing shortages in certain occupations.

It is both a well-known and often-cited fact that companies with fewer than 100 employees predominantly populate Canada's economic landscape. Over 99 percent of companies in Canada are classified as SMEs, over 75 percent of which are so-called micro-enterprises, each employing less than 10 people (Industry Canada 2012). Collectively, these firms employ over 6.9 million Canadians and account for nearly 70 percent of private-sector payrolls,

However,

- Most SMEs experience zero or negative employment growth, only a small subset of high-growth companies are creating most of the employment growth. Between 2003 and 2006, just 4.7 percent of firms (or 13,000 out of a total of over 1.2 million) were responsible for 45 percent of net job creation in Canada.
- A declining number of mid-sized firms, making the economy even more dependent on a very small number of high-growth firms to carry the burden of job creation. Mid-sized firms account for only 1.7 percent of total firms, but contribute 16% of Canadian jobs and 17 percent of Canadian exports.

Data from Toronto's Vital Signs Report 2014:

Toronto is the "Youthful City of the Year 2014":

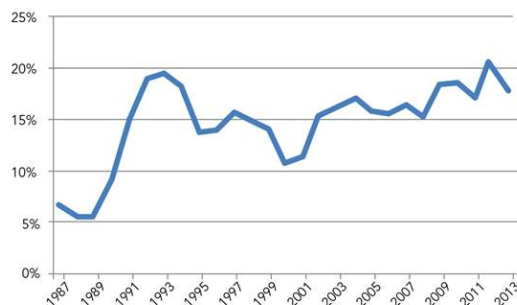
- The YouthfulCities Index measures values deemed important by youth for life, work and play (25 cities were measured across 80 indicators in 16 categories deemed important for live, work and play). Toronto scored top 5 in 9 categories: diversity, digital access, youth unemployment, financial access, econ status, etc.

Toronto's youth continue to face poor job prospects:

- After climbing to almost 21%, in 2012, the Toronto youth unemployment rate dropped back to 17.6% in 2013, and remains above the 2011 average of 17.2%. In 2006, the rate was 15%, and in 2001 it was 11.2%.
- Youth employment rates (15-24 year-olds) in the Toronto Census Metropolitan Area (CMA) were 46.8% in 2013, compared to 65.9% for workers 25 and over. This was the highest gap between youth and adult employment rates of any CMA in Canada.

	2011	2012	2013
Unemployment rate City of Toronto (annual average)	9.2%	9.6%	8.8%
Youth unemployment rate City of Toronto (15-24 year-olds)	17.2%	20.75%	17.6%
Recent immigrant youth unemployment rate City of Toronto (in Canada less than 5 years) (annual average)	16.3%	29.0%	27%

Youth (Aged 15-24) Unemployment in the city of Toronto, 1987 to 2013:



Close to 648,000 people in Toronto are experiencing high levels of stress almost all the time:

- For 27% of Torontonians, 15 yrs +, life has "quite a lot" of stress.
- 73 % students in grades 9-12 in the Toronto District School Board worry about their futures.

Toronto rents continue to rise:

- At \$1,134, Toronto had the second highest average monthly rent (across all apartment sizes) in 2013.
- Average rent for a 1 bedroom apt. in Toronto Region took up 40.6% of the average wages of a fully employed youth (15-24) up almost 4% from 2009.

While youth unemployment rates were higher in the 1980s, the Federal Government spent far more money on the problem.

- In a March 2014 submission to the House of Commons Standing Committee on Finance studying youth unemployment, the Canadian Centre for Policy Alternatives compares the billions of dollars spent on the Canada Jobs Strategy to the shrinking spending on the Youth Employment Strategy (which fell by over \$50M between 2010-11 and 2012-13 and is projected to fall a further \$30M by 2015-16).

What could the world look like if the challenge was addressed?

SMEs can thrive and help drive Ontario and Canada's economy, supported by the right mix of skilled human capital in youth workers and others.

Young workers become a more important source of productive labour for Ontario's SME sector and contribute to the widening the pipeline of talent needed to support growing enterprises.

Youth will have access to good entry-level job opportunities that pay fair wages and proper workplace protections. These jobs will provide them with workforce skills and training that will improve their productivity and prepare them for second and subsequent jobs.

What are the most important issues and drivers underpinning this challenge?

Issue #	Important issues contributing to this challenge	Drivers: <i>What is driving them (making this issue worse or better)</i>
1	Economic/operational challenges for SMEs	<ul style="list-style-type: none">• SMEs have fewer financial resources that could be used to adapt to cost drivers than larger businesses• SMEs also have more resource constraints and barriers in hiring/training youth• Education based on-the-job training programs like co-operative education are less geared towards SMEs
2	Youth perspective of SMEs	<ul style="list-style-type: none">• For most youth, SMEs are often not the ideal employer - no name "brand", lack of training, promotions.• Job security and adequate pay can be a major concern despite the fact that any youth cycle through several jobs before being hired in a long-term job.• Schools relationships with SMEs as skills development partners and employers are also limited
3	Governments and Institutions support of SMEs	<ul style="list-style-type: none">• Governments and institutions like banks have difficulties and lack flexibility to work effectively with large numbers of SMEs to drive social and economic policy goals. E.g. SMEs often complain about the unrealistic administrative overheads and burdens of business grants and loans

EXISTING INNOVATIONS

#	Innovation Name	Brief Description
1.	Social Capital Partners Community Fund	<p>Social Capital Partners design and implement new models that address access to employment issues faced by over 1M Canadians. Their models stem from new approaches to both systems change and social finance, but share a common focus to improve employment opportunities and outcomes for youth, new Canadians, persons with disabilities, aboriginals and single parents. They partner closely with a series of stakeholders to test, tweak, prove, launch, and ultimately scale their impact. Their two main focuses are: Demand-led Solutions and Scalable Social Finance.</p> <p>Link/ Reference: http://www.socialcapitalpartners.ca/index.php/about-us</p>
2.	Year Up	<p>Year Up delivers a one-year, intensive training program that provides low-income young adults (age 18-24) with tools that prepare them for professional jobs that meet the needs of corporate partners. They achieve their mission through a high support, high expectation model that combines marketable job skills, stipends, internships and college credits. Moreover the program is geared towards shifting perceptions of urban young adults from social liabilities to economic assets, shifting employer practices to broaden talent sourcing and hiring, and shifting public policies to support enterprising career pathways. Since 2000, Year Up has served over 8,500 young adults and provided interns for over 250 corporate partners.</p> <p>Link / References: http://yupro.com/</p>

<p>3.</p>	<p>Innovate + Educate</p>	<p>Innovate+Educate has begun using cognitive skills assessments to measure students' underlying skills. These assessments accurately map to over 95% of all jobs, predict on-the-job performance five times better than a degree, and—best of all—allow those with the “wrong” degree to qualify for available jobs. The tests are based on three to five truly fundamental skills: literacy, numeracy, critical observation, critical listening, and the ability to understand and apply charts, graphs and diagrams. Companies who have begun to use “skills-based hiring” to select job candidates have seen incredible performance improvements: 25-75% reductions in turnover, 40-70% reductions in time-to-hire, 70% reductions in cost to hire, 50% reductions in time-to- train, and various other benefits that vary according to industry sector.</p> <p>Link / References:</p> <p>http://www.innovate-educate.org/media-and-reports</p> <p>http://www.innovate-educate.org/files/uploads/New_World_of_Work_Article.pdf</p> <p>http://www.innovate-educate.org/about</p>
------------------	----------------------------------	--