Job retraining: No 'magic bullet'

Tavia Grant
The Globe and Mail
Published Monday, Nov. 29 2010, 7:34 PM EST
Last updated Friday, Dec. 03 2010, 11:31 AM EST

Job retraining is supposed to pave the way for displaced workers to begin a new career. In reality, it often doesn't pan out that way.

The idea seems logical enough. Give the unemployed new training in an economy that requires more skilled workers, and presto - they'll land a job. Turn factory workers and auto assemblers into health care specialists; give apparel makers and forestry workers a new start in the technology field.

Yet changing careers later in life isn't easy, and governments continue to fund retraining programs at great expense, even as global research shows the benefits of retraining often fail to justify the cost, especially around wages.

A paper last week by the Institute for Competitiveness and Prosperity *[http://www.competeprosper.ca/]* in Toronto said there's "little evidence" that current retraining programs are helping. Other studies on the link between retraining and finding a new job have mixed conclusions, and tend to show little impact on earnings. It's cold comfort for the thousands of Canadians who have taken expensive college courses, only to find little or no benefits once their programs end.

"People shouldn't view training as a magic bullet. It may be that mobility assistance is just as effective - helping people move from areas where there's limited opportunities to areas where there's more opportunity," says Craig Riddell, economics professor at the University of British Columbia and member of the 2008 federally appointed Expert Panel on Older Workers.

One current barrier to successful retraining is the sluggish pace of job creation. The labour market hasn't churned out new jobs for the past four months. A report Friday is expected to show the jobless rate still stuck around 7.9 per cent. Employment levels in New Brunswick, Nova Scotia, Alberta and Ontario are all still below levels of two years ago, according to Statistics Canada, despite the economy's official recovery.

Even after training, these workers face several other barriers to rejoining the job market. Age discrimination can play a role. Some must compete with younger applicants with more experience in their new field, and employers often want more than just a nine-month college program. Also, the programs can't always equip people used to a factory floor environment with the customer service skills required of many new jobs.

It leaves people like Manu Khanna, who is trying to move from an assembly line worker to a cardio technician, deeply frustrated at the time, expense and false hope.

The Brampton, Ont.-based resident was downsized from his $33.84-an-hour job at Chrysler in 2008. Research on the Internet, and advice from job experts, suggested that health care is a growing sector. It seemed a smart choice, given his prior experience in the field with a Bachelors of Science in biology and nine years of experience working in the Punjab state's pharmaceutical industry.

Mr. Khanna, 42, signed on to the Ontario-funded Second Career program. But the experience has been disillusioning. The government didn't cover the full costs of the nine-month-long program (tuition costs totalled $24,000, he says), leaving him to pay about $1,000 a month in commuting and taxes on the funding.

The private college he attended hands out diplomas but doesn't, he recently found out, certify people in his new field. So he has to do additional studies until next May at his own expense. More troubling, even after completing his first program with a 86-per-cent average, he's seeing few opportunities.

"There are maybe one to two casual jobs but you need experience, and certification," says Mr. Khanna, who is supporting his family off a line of credit. Financial stress is taking a physical toll, he says, causing cholesterol levels and blood pressure to spike, and his eyesight to deteriorate. "It is very, very frustrating."

Ontario's Second-Career program, which helps fund laid-off workers to acquire new skills in higher-demand occupations, has been hugely popular. Since 2008, more than 37,000 laid-off workers have been accepted into the program and it's currently getting about 200 new applicants a week.

Its surveys show about six in 10 graduates have since found new jobs. It doesn't have specific information on why four in 10 haven't found jobs. On its website, it lists cardio technologists as a high-demand field.

Ontario's Minister of Training, Colleges and Universities John Milloy says the program is reaching people who wouldn't otherwise have access to skills upgrading. "It's bridging that gap, and we're doing it with individuals who often fall through the cracks," he says.

Mr. Khanna isn't the only one struggling to find work again. A study by a McMaster labour professor released in June followed 260 Canadian Auto Worker

members in the Toronto area who lost their jobs at the start of the recession. It found 24 per cent had found work again when they were interviewed between March and October, 2009. Of those, 70 per cent were doing part-time, temporary or less secure work.

High-seniority, displaced workers generally experience wage losses of between one-fifth and one-third, past Canadian studies have shown.

The other challenge for policy makers is predicting labour market demand - just because hiring is strong in a field now doesn't mean it will stay that way in two or three years time.

Manufacturing isn't the only sector grappling with displaced workers. Employment in the forestry products industry was down by 100,000 as of last year from 2003 levels, says Keith Lancastle, executive director of the Forest Products Sector Council. The council's research has shown that retraining can backfire when there's no demand at the end of it.

"We've had people encouraged to take truck-driving training. But then there was no growth in that community at that time," he says, leaving people frustrated at the time and money invested.

Morley Gunderson, professor in industrial relations at the University of Toronto, says the best bang for the buck would be in investing in the basics - literacy, English-as-a-second-language training and helping people complete high school.

"It's not what politicians like to hear, but the solid studies tend to suggest [retraining]is not the saving grace. It's not the best thing since sliced bread," he says. Academic literature "tends to show little or no impact on a cost-benefit analysis."

The best way to track the effectiveness of retraining is to compare one group that gets training with a similar group that doesn't - an approach that hasn't been carried out in Canada,

UBC's Prof. Riddell says results of studies in Europe and the U.S. are mixed. Training can benefit women and some already-educated workers, but not disadvantaged groups. And incomes don't tend to budge much as a result of it.

A 2005 study by the Federal Reserve Bank of Chicago found that unless programs are extremely effective, it's unlikely they fully offset displaced workers' earnings losses. Providing job search help could be just as effective, at a cheaper cost, it said.

Apprenticeships, co-op programs and close links with local employers tends to improve outcomes, he says.

The federal government has allocated a total of $220-million to its targeted initiative for older workers, a cost-sharing program with the provinces that includes retraining programs. Its own evaluations of the program from 2006 to 2008 show nine in 10 were satisfied with their experience in the projects.

A hefty three-quarters of them found work after completing training, the evaluation says. Sounds impressive. But about eight months after the programs finished, that portion faded to 45 per cent. The evaluation didn't say why the figure dropped. No representative at Human Resources and Skills Development Canada was available for an interview.

No one is suggesting retraining programs should be stopped, nor that some people don't benefit. But it may be helpful for people, in making their decision to go back to school, to be wary of claims, particularly from some private colleges, of guaranteed employment and lucrative salaries at the end of their studies.

Follow Tavia Grant on Twitter: @taviagrant *[https://twitter.com/@taviagrant]*