



The Conference Board
of Canada

Why Recognizing Learning Credentials Should Matter to Your Business

Dr. Michael Bloom

Vice President, Industry and Business Strategy

The Conference Board of Canada

Fredericton, New Brunswick, Oct. 26, 2016

conferenceboard.ca

Brain Gain 2001.

- Learning recognition costs are a long-standing problem for Canada.
- In 2001, cost workers \$4.1 - \$5.9 billion annually in lost earnings.
- \$3.4 – \$5.0 billion of the gain was specific to immigrants.
- This matters to employers because when workers lose earnings it spells significant lost GDP and productivity, less talent gets employed: leading to lost profits.

Brain Gain 2015.

- *Brain Gain 2015* report from Conference Board (January 2016) reveals that the learning recognition problem is more severe than ever.
- Despite progress by provinces, PSE institutions, professional and trades bodies, regulators and recognition authorities the costs have risen.

Current Reality: Learning Recognition is a Problem for Many Canadians.

- Many Canadians have valuable **skills & knowledge that are underused** because they are not recognized & credentialed by credential-granting and certifying organizations and employers.
- Since recognition through credentials is key to labour market success, they **earn less & experience other costs** due to non-recognition of their learning and credentials.

Current Reality: Learning Recognition is a Problem for Employers.

- Employers lose out when people have skills & knowledge that are not recognized & credentialed.
- Their absence from the labour market or their underuse in the workplace means that employers must pay more for scarce talent—or may have to do without entirely.

How Change Can Help.

- Creating a large-scale, highly flexible learning recognition system would yield major economic gains for employers and individuals.
- More flexibility and scale would allow people to use their learning credentials and experience to the fullest **wherever and whenever** they move—helping employers fill their talent needs.
- Crucial to long-term regional growth.



How Employers Use Learning Credentials.

- Learning credentials allow employers to ‘sort’ people into jobs.
- Credentials provide employers with a basis for belief/trust in a person’s skills—this leads to good hiring decisions and placement to maximum advantage in the workplace.
- This is increasingly important because the Canadian-educated will not be enough to fill all the skilled jobs coming vacant.



Learning Credentials for Knowledge Economy.

- Learning credentials are growing more important as skills and knowledge requirements for jobs rise in an increasingly 'knowledge-based economy'.

Demand for Skills Growing Steadily.

- Employers are facing high- and medium-skills shortages for the next generation.
- Canadian Occupation Projection System (COPS) forecast to 2035: 2/3 of all jobs will require a post-secondary qualification.
- Fastest growth will be in high-skill jobs, usually requiring a degree: 1.6 per cent p.a.
- Next fastest will be medium-skilled jobs, usually requiring a diploma: 1.2 per cent p.a.

Demand Outstrips Education Capacity.

- Our PSE system has grown significantly since 2000—from 1.1 million FTEs to 1.6 million: much faster than population growth.
- As a result, share of over-15 pop. with PSE credentials has grown from 44 to 54 per cent.
- But our aging population can't maintain the pace—our domestic PSE system alone can't fill all labour force and skills demands.
- **We need learning credential recognition to fill the shortfall—and fuel growth.**



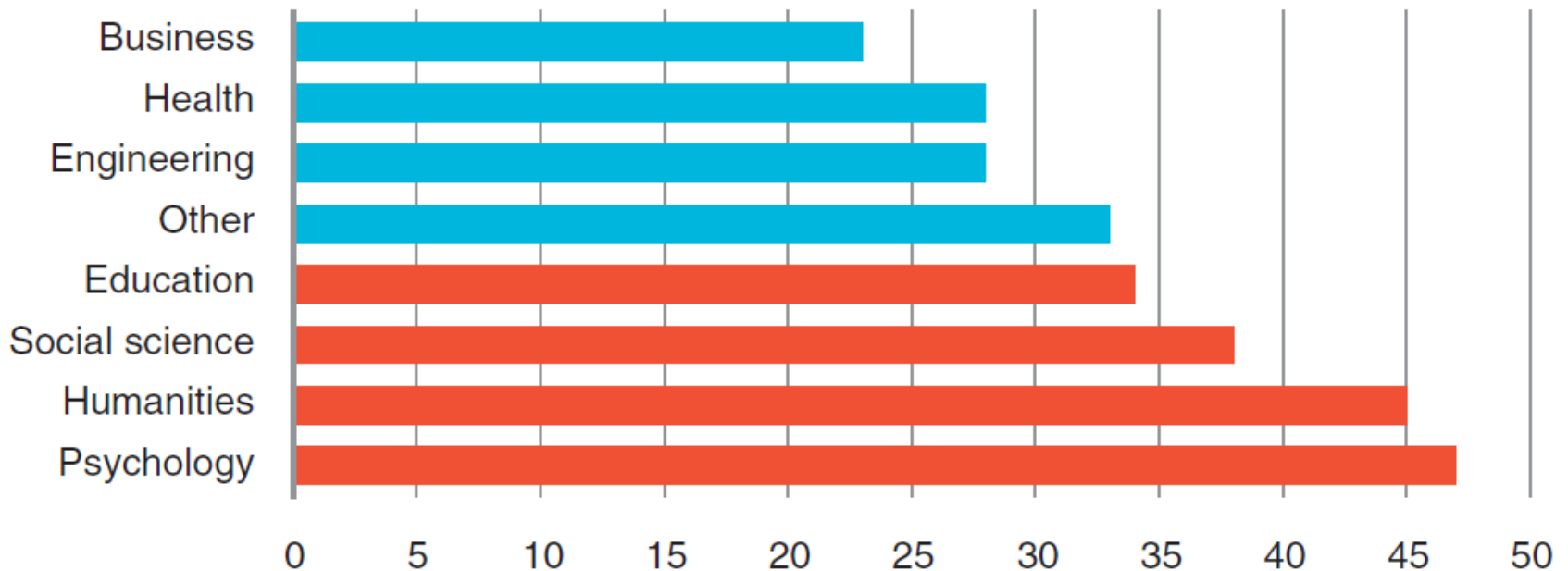
Credential Portability Helps Employers.

- Portable credentials are very important in for Canada's mobile people: 6 + million immigrants; 1 million people move jurisdiction every five years, often for work or education opportunities.
- The easier it is to move and find employment that fully uses credentials the better will labour supply truly satisfy employer demand.

Chart 2

Share of University Graduates Earning Less Than the Median Income

(per cent)



Note: Red bars account for fields of study that collectively account for 45 per cent of recent graduates.

Source: Tal and Enejajor.



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Institutional Barriers Inhibit Learning Recognition.

- Despite progress in learning recognition, there are still significant trust and process issues in PSE and other institutions.
- These act as *de facto* barriers to learning recognition and to high-level, whole-of-institution engagement.
- Barriers make learning recognition *risky* for learners and credential holders.

Canada's Large, Complex Recognition System.

- More than 50 regulators.
- 400 + regulatory bodies.
- At least 7 independent credential assessment services.
- 427 recognized post-secondary institutions.



Why the Sensitivity? Credentialing is a Core Role of PSE.

- Credentialing is core to PSE institutional reputation since credentials are testament to knowledge and skills – the essence of PSE’s brand/reputation.
- Since sound, reliable credentials are basis of reputation, PSE’s are understandably sensitive to ‘quality’ and careful about credentialing and recognition processes.

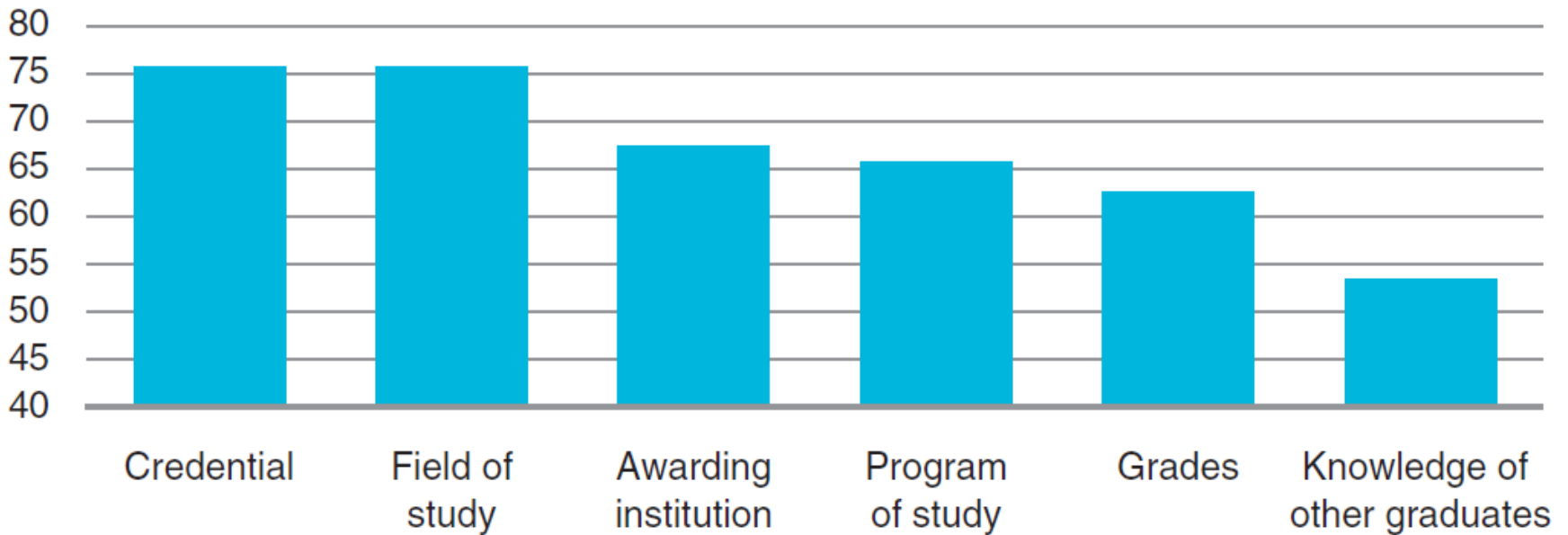
Employers (Still) Find Learning and Credential Recognition Challenging.

- Employers (labour market demand) have the greatest trust issues regarding:
 - **International** credentials, work experience and experiential learning.
 - **Canadian** work experience and experiential learning.
- This affects their behaviour in hiring, utilizing, developing, rewarding, promoting employees.

Chart 5

Employer's Assessment of the Value of a Credential

(mean score out of 100;* n = 25)



*scores converted from 5-point to 100-point scale for ease of comparison

Source: The Conference Board of Canada.



Table 7

Employer Confidence With Different Types of Evidence of Skill

(score out of 100; n = 25)

Work experience in Canada	85
Within province educational credential	82
Outside province credential	77
International education (IE) verified by Canadian university	74
IE verified by other post-secondary	74
IE verified by credential assessment	72
International work experience	71
Experiential learning in Canada	66
International education credentials	65
International experiential learning	59

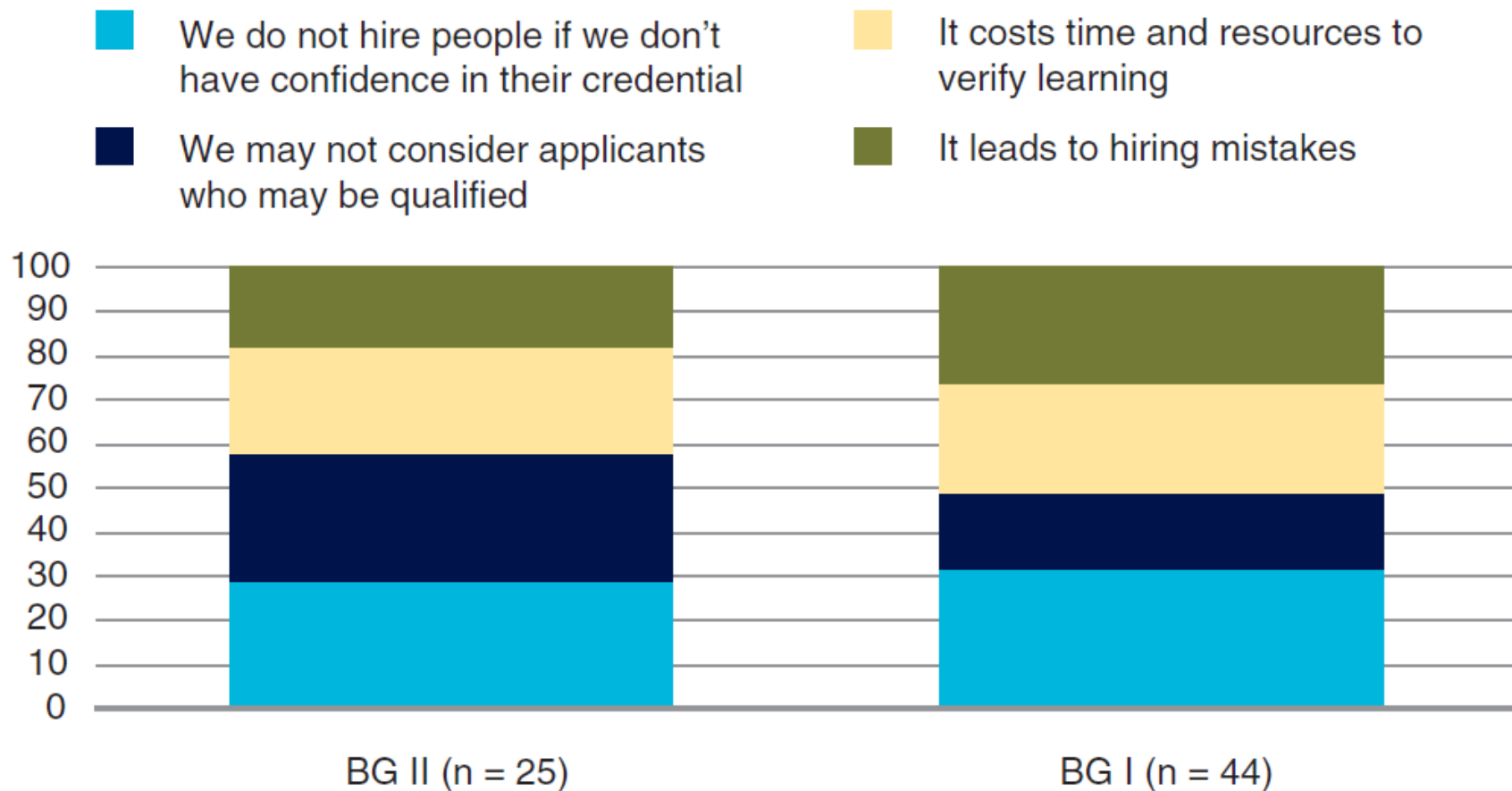
Source: The Conference Board of Canada.



Chart 6

How a Lack of Confidence Affects Recruiting

(per cent of respondents, Brain Gain I and II)



Source: The Conference Board of Canada.

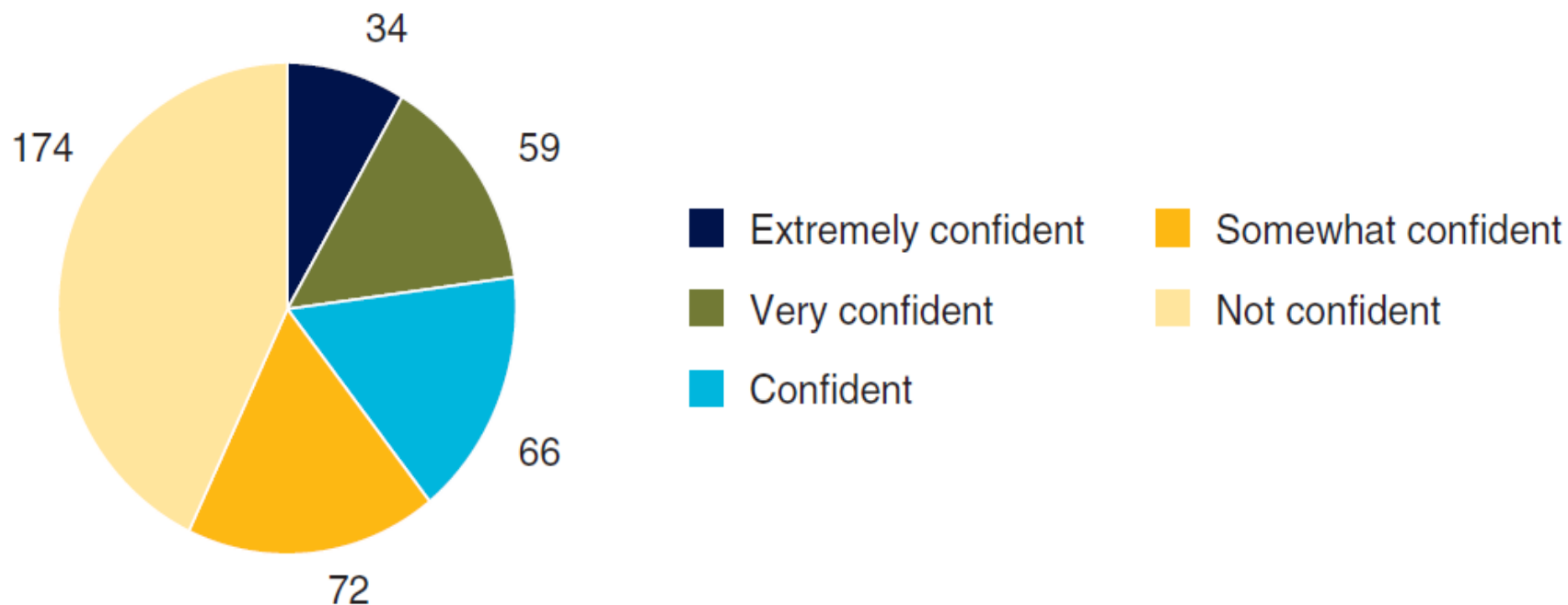
Learning Recognition Seekers Are Not Confident.

- Survey responses show recognition seekers have a significant lack of confidence in their own ability to have their credentials, and work and learning experiences, recognized in Canada.

Chart 10

How Confident That You Will Get Your Learning Recognized?

(number; n = 405)



Source: The Conference Board of Canada.

Table 11

How Has Non-recognition of Learning Affected Your Employment Experience?

(n = 405)

	Respondents	Per cent
Ability to gain employment	287	70.9
I cannot practice my profession	236	58.3
Missed opportunities for promotion	181	44.7
Missed opportunities for training	122	30.1

Source: The Conference Board of Canada.



Table 12

Examples of Current Versus Desired Occupation

Current	Desired
Machinist	Dentist
Technician	Doctor
Electronics consultant	Electronics engineer
Child care worker	Engineer
Legal secretary	Lawyer
Cashier	Doctor
Community worker	Psychologist

Source: The Conference Board of Canada.



Three Groups Would Gain the Most.

- **Immigrants/international credential holders - 525,000**
- **Prior learners/experiential learners -**
People with prior learning gained through work and training - 120,000
- **Inter-provincial transferees in**
licensed occupations & transferees between PSE institutions - 200,000

Table 1

Estimates of Unrecognized Learners by Main Challenge, 2001 and 2015

(per cent; number)

	2001		2015	
	Share	Number	Share	Number
International credential	63	344,723	62	524,589
Inter-provincial credential	24	129,131	24	199,181
Experiential learning	13	72,987	14	120,468
Total	100	546,841	100	844,238

Source: The Conference Board of Canada.

Table 14

Brain Gain From Reducing Unemployment

Scenario I: Estimates of respondents forgoing earnings

Sample not working and indicating employment effects (n)	141
Estimated Canadians (people)	291,045
Respondents' median estimate of forgone earnings (\$ 000s)	30
Brain Gain (\$ millions)	8.73



Table 15

Brain Gain of Reducing Underemployment

Scenario I: Estimates of respondents forgoing earnings

Sample working and indicating employment effects and estimate (n)	130
Estimated Canadians (people)	268,340
Respondents' median estimate of forgone earnings (\$ 000s)	31
Total Forgone Income (\$ billions)	8.32

In 2015, Brain Gain = Financial Gain.

- **\$ 13.4 – 17.0 billion** in annual income would be gained by Canadians if Canada's learning recognition gap was eliminated.
- **844,000 + Canadians** stand to benefit
- **\$ 16 – 20,000** ave. annual personal gain
- Calculating *multiplier effect* would increase the figures - due to spin-offs of spending increases from more income.

Major 'Costs' the Three Groups Experience.

- Earn less.
- More likely to be *unemployed*.
- More likely to be *underemployed* - limited career options.
- Lack mobility across provincial boundaries to pursue work opportunities.
- Waste time and money on unnecessary duplication of learning.

Obstacles to Recognition that Discourage Recognition Seekers.

- Time-consuming processes
- Risk own money with no guarantee of credential
- Too much repeat learning
- Employers often unaware & not very helpful
- Institutions do not make it easy to gain recognition - focused elsewhere
- Lack of institutional awareness of need and investment in servicing seekers
- Shortage of institutional and personal resources



Options for Action – Employer Engagement.

- Engage in partnerships with public education and credentialing bodies to implement in/for workplaces.
- Connect recognition processes with recruiting, development and promotion of employees.
- Work with government to develop private sector credentials or public/private co-granted credentials that are recognized by government accredited PSE institutions.

Options for Action – Immigration Strategies.

- Modify immigration processes to include learning recognition services in selection and settlement systems.
- Align immigration and workforce development policies.
- Extend Canadian PSE curriculum, pedagogy and programs into immigration source countries.
- Improve institutional links internationally.

Options for Action – Restructure Occupational Bodies and Move to National Standards

- To achieve economies of scale, move occupations to national standards and have these bodies invest in open recognition systems.
- It would immediately lower barrier for 200K facing inter-provincial recognition challenges.
- Would also lead to scale benefits for international credential/experience holders as mobility improves in Canada.

Conclusion – Impacts.

- Improving learning recognition:
 - Improves org. performance, and profitability
 - Individuals earn more, have more satisfying jobs and careers
 - Increases innovation, productivity, trade.
- Now is time for business leaders, working with government and educators, to invest in learning recognition: embrace it—your business will benefit!