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# Evaluating the Impact of Human Capital Development on Economic Renewal: An Accountability Framework based upon Newfoundland as a Case Study

by

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# ABSTRACT

The widespread assumption that human capital development through education and training will improve the economic capabilities of people is the basis throughout the industrialized world for various support programs to assist the unemployed to "adjust to the labour market" by returning to work, and contribute to the prosperity of the region. Substantial investment of public funding is made in anticipation of fulfilling those expectations. Such was the case in the Canadian province of Newfoundland and Labrador in the early 1990s when, after the closure of the northern cod fishery and the subsequent displacement of about 30,000 workers, several government income and adjustment support programs were initiated.

This research project relied upon a case study approach to develop an understanding of the complex social phenomena associated with assisting the workers to adjust and evoking economic renewal in Newfoundland. The research went beyond the standard statistical economic indicators, based on the notion that human capital development happens to individuals in the context of their lives in their home communities. Gaining an understanding of the "actual changes" that had occurred in people's lives by recording their perceptions and stories was a significant feature in the project design. Documentation, key informant interviews and focus groups were the instruments used.

Statistical evidence revealed that the province is a region of sporadic growth, persistently high unemployment, high part-time and seasonal employment, increasing transfer dependency, and declining population size, but with potential for economic turn-around. The perceptions of the research participants added much detail to that image and, perhaps more importantly, added further enlightenment as to what is required to enhance that potential and successfully move employment beyond the traditional economic mainstay of their communities, the cod fishery. The strongest theme which emerged in people's estimation of the renewal events required was the need for "an integrated approach" to development support.

Both the literature reviewed and the research findings indicate that the relationship between human capital development and economic renewal is not simple cause and effect, but a far more complex, multi-faceted and synergistic relationship--that education and training can make an effective contribution to economic renewal of a region struggling with a depressed economy, but only as a component of an integrated package of strategic interventions. This thesis identifies potential elements in that package and proposes an accountability framework for evaluating its impact as a contribution to informed planning and decision making in both social and economic development in Newfoundland and Labrador.

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# GLOSSARY OF ACRONYMS

| | |
|---|---|
| ABE | Adult Basic Education |
| ACOA | Atlantic Canada Opportunities Agency |
| APEC | Atlantic Provinces Economic Council |
| CD | Census Division |
| CED | Community Economic Development |
| CEDA | Comprehensive Economic Development Agreement |
| DDRR | Department of Development and Rural Renewal |
| EI | Employment Insurance (formerly Unemployment Insurance) |
| ERA | Economic Renewal Agreement |
| ERC | Economic Recovery Commission |
| EBSM | Employment Benefits and Supports Measures |
| FRAM | Fisheries Restructuring and Adjustment Measures |
| GDP | Gross Domestic Product |
| GNP | Gross National Product |
| HRD | Human Resource Development |
| HRDC | Human Resources Development Canada |
| IOO | Improving Our Odds |
| LMDA | Labour Market Development Agreement |
| NCARP | Northern Cod Recovery and Adjustment Program |
| OECD | Organization for Economic Cooperation and Development |
| RCEU | Royal Commission on Employment and Unemployment |
| RDA | Regional Development Association |
| REDB | Regional Economic Development Board |
| SEP | Strategic Economic Plan |
| SSP | Strategic Social Plan |
| SRDA | Strategic Regional Diversification Agreement |
| TAGS | The Atlantic Groundfish Strategy |
| UI | Unemployment Insurance (now Employment Insurance) |
| USA | United States of America |

# PREFACE

> *Cabot had found a new world of sheer abundance, a world of the passenger pigeon and the buffalo and an inexhaustible profusion of fish. If you stand on the tip of Cape Bonavista today, with your arm around the statue of John Cabot, you can look out at the remnants of that world. Few fishing boats head out from Bonavista any more, and none that fish for cod--there has been a near total ban on cod fishing in Newfoundland since 1992, when the stocks finally collapsed completely....And now Canada pays out billions in welfare cheques, buys up boats, and retrains fishermen to operate computers or style hair.*[1]

There are times and events in one's life which evoke a recognition and questioning of assumptions. For me, a Newfoundlander born and bred, July 1992 was such a time. The event was the announcement of a moratorium on the catching of the northern cod fish, a major staple of the Newfoundland economy. The assumption, reflected in the training support options of the Northern Cod Recovery and Adjustment Program (NCARP) and The Atlantic Groundfish Strategy (TAGS), which were Canadian federal government response programs, was that labour force adjustment of the displaced workers, and hence economic renewal, would be enhanced by training (or retraining) now-idle plant workers and fish harvesters.

At that time I was working in the community college system of Newfoundland and Labrador as a science instructor in the Adult Basic Education (ABE) Program and I was assigned a class of thirty recipients of NCARP income support. Having received counselling via NCARP outreach workers in their communities, each of these adult learners was embarking upon a retraining venture, beginning with completion of a high school equivalency to provide eligibility for further postsecondary vocational training.

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[1] This quote comes from a British newspaper, *The Observer*, an article entitled "Cod is Dead" in the *Review*, June 14, 1998, p.2.

As is often the case for instructors of Adult Basic Education programs, I was combined content expert, facilitator of learning, and career counsellor. I mapped out with each learner the basic courses s/he would need to take to prepare for vocational training. In going through that process, I often heard the refrain "Training for what? There are no other jobs in my community."

I started to reflect upon the economic reality of my province, Newfoundland and Labrador. In rural areas, there had been little diversification into industrial sectors other than the fishery. I came to suspect the expectation that training would lead to labour market adjustment and economic renewal to be overly simplistic, indeed impossible to fulfill, given the complexity of the problem at hand. I felt that training, while it might provide some inherent benefits to the individuals involved, was unlikely to lead to economic renewal of communities in isolation from other interventions. Indeed, I suspected that it was far more likely to have the opposite effect, through increased out-migration of trained people in search of work.

I wondered whether value-for-money was to be a consideration in the expenditure of public funding on training supported by NCARP and TAGS. At the time, I saw little evidence of provision to assess the outcomes of training and evaluate their impact upon the state of the economy in the areas affected.

Questioning the assumption about training and economic renewal, and wanting to explore alternatives to it, became the basis for my decision in 1994 to engage in this doctoral research degree program. As I had already completed a Master of Adult Education degree concentrated upon program evaluation, I thought that a focus upon evaluation and accountability would be a logical and practical extension of the research which might allow me to contribute to economic development

and education policy making in the province. Figure 1 is a graphic representation of my embryonic research notion.

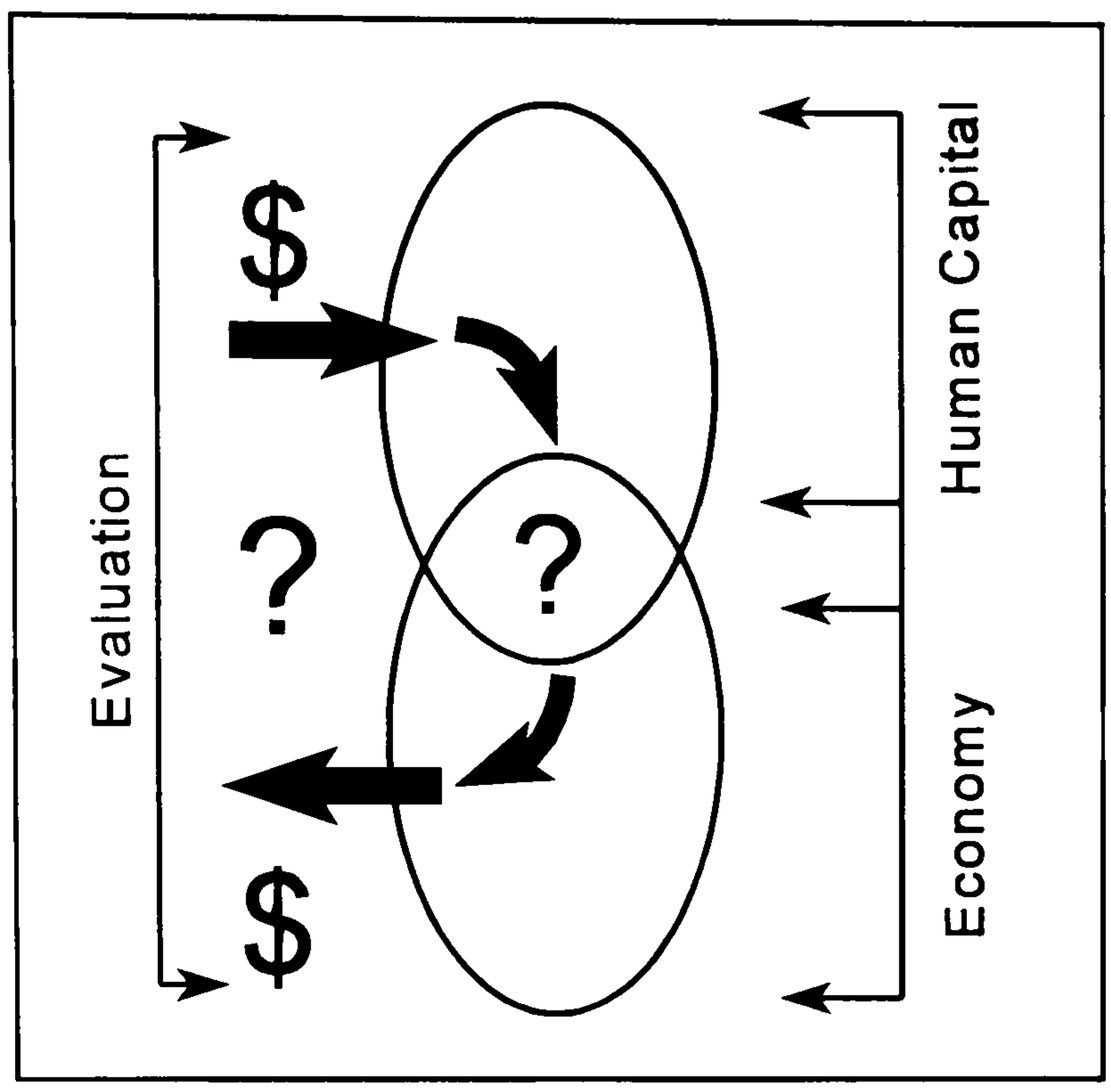


**Figure 1. Research Notion**

As it turned out, I was soon to find myself standing firmly on the "education-and-economic-development intersection" in both my studies and my working life. Because of my involvement with this doctoral research, I was seconded from the community college system to the former Economic Recovery Commission of Newfoundland and Labrador to manage the development of a strategy[2] for connecting postsecondary education to regional economic development.

Then, when the Commission was dismantled and absorbed into the new provincial government Department of Development and Rural Renewal, I was given the position of Manager of Strategic Planning and Evaluation in the Policy and Strategic Planning Division, with an explicit assignment of responsibility for developing an accountability framework for the Department's economic development interventions. It was an ideal opportunity to combine research with potential for application.

I hope that this work will live on by contributing to the further development of policy and accountability measures and processes in Newfoundland and Labrador, in particular as related to the Strategic

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[2] Economic Recovery Commission. (1995). *Education and Economic Zones: Partnerships in Self Reliance*. St. John's, NF: Author.

Social Plan, the Labour Market Development Agreement, the Fisheries Restructuring and Adjustment Measures, and the forthcoming revised Strategic Economic Plan. I hope that it will also be of value in other parts of the world where economic renewal and the survival of communities are reflected in the economic aspirations of the people involved.

# CHAPTER 1
# INTRODUCTION

The title of this thesis, *Evaluating Impact of Human Capital Development on Economic Renewal: An Accountability Framework based upon Newfoundland as a Case Study,* introduces the three themes which came to guide my research: economic renewal, human capital development, and accountability or evaluation. These three themes weave throughout my entire thesis. I will outline in this chapter what I mean by the terms. In Chapter 2, I will explore in more detail what the literature says about them.

Economic development refers to the enhancement of the capacity of a country or region to function over the long term for the well-being of its citizens, and I use the term *economic renewal* simply to mean a return to that enhanced capacity following an economic decline of some sort. In this case study, economic catastrophe in the form of the decline of the Northern cod fishery has decreased the capacity of the province of Newfoundland and Labrador to provide employment opportunities and create wealth. This is reflected in a high unemployment rate and long-term dependency upon federal government funding through such programs as Employment Insurance (EI), NCARP and TAGS. Economic renewal would be indicated by improvements in Gross Domestic Product (GDP) and rate of employment, and decreased levels of dependency upon income support programs.

Although some definitions of human capital development include improvements in health and nutrition, my use of the term relates to the acquisition of skills and ability through investment in schooling and on-the-job training. Human capital development is reflected in increases in educational attainment, employment and productivity. Sweetland

(1996) noted that "*human capital theory* suggests that individuals and society derive economic benefits from investments in people" (p. 341). Certainly, in the case of the NCARP and TAGS programs, there has been considerable investment in human capital development with the intent of evoking economic renewal though labour force adjustment. As noted by Robinson (1997), over 4200 TAGS clients took part in academic upgrading and skills training and "by mid-1996, two years into the TAGS program, $66 million had been spent on retraining programs and $40 million on combined wage subsidy/training programs in Newfoundland and Labrador" (p. 3). According to the Department of Education (1998), in total TAGS resulted in over 15,000 people participating in some form of educational course or program.

The term *accountability* can be used to indicate an obligation to explain how a responsibility for an assigned mandate has been discharged (Panel on Accountability and Governance in the Voluntary Sector, 1998, p. 8). In this research, I focused on accountability for the expenditure of public funds by federal and provincial government agencies on some specific human capital development interventions. Various inter-related activities are associated with demonstrating accountability, such as auditing, monitoring, assessment, impact analysis and evaluation. In this research project I was concerned with developing a framework or guidelines for that type of evaluation or assessment activity, in order that governments be able to determine the extent to which training interventions had achieved the desired outcome in terms of labour force adjustment and economic renewal.

In setting myself the task of "evaluating the impact of human capital development on economic renewal" I recognized that a connection is assumed to exist between the sets of activity associated with developing human capital and renewing the economy such that the former can have an influence upon the latter. In fact, the assumption

that human capital development through education and training will improve the economic capabilities of people appears to be widespread, and the basis throughout the industrialized world for various support programs to assist the unemployed to "adjust to the labour market" and return to work. The NCARP and TAGS programs were no exception. As noted by Robinson (1997), "training was by far the largest adjustment option within TAGS" (p. 3). In designing this study I recognized that assumption, but did not necessarily accept it as an adequate representation of the situation in Newfoundland.

Based on this assumption, there is widespread expectation that recipients of training/retraining interventions will be both more employable and, ultimately, employed, or adjusted to the labour force. Associated with this expectation is another, that economic renewal will be facilitated by employment of those displaced, and that the region will prosper. Substantial investment of public funding is made in anticipation of fulfilling those expectations.

Later in this chapter, I describe the economic and human capital development context for interventions presently under way in Newfoundland and Labrador, and outline the case for research. Given that I am attempting to shed light upon the complex social phenomena associated with economic renewal in Newfoundland, my thesis is actually cross-disciplinary, drawing upon research findings and writings from various fields and sub-fields including not only education and training in their various forms (such as vocational, adult and continuing, adult basic education, and literacy), but also economics (development economics, community economic development, labour economics, human capital theory, economics of education), rural development, economic geography, sociology, cultural anthropology, and public policy. This has not been an easy task. In many ways, working with this eclectic mix of theories has been like learning to speak several

new languages simultaneously, then melding them into an entirely new tongue in which to describe my understanding of the problems which beset my province.

In Chapter 2, I lay the groundwork for this research by reviewing the literature associated with the three key terms and concepts, discussing trends in economic development and human capital development interventions, and examining the emergent and ubiquitous concern with accountability for results. Chapter 3 provides the rationale for and details of the qualitative research methodology I chose to employ for this research project. I describe the use of a triangulated approach, employing documentation, key informant interviews and focus groups as instruments for data collection to investigate the answer to: *What is the impact of human capital development, in the form of education and training interventions, on economic renewal in a region of depressed economy?*

To accomplish that, I examined the answers to several sub-questions, including:

- In a selected region of depressed economy, what are the education attainment levels and employment rates of the population?
- How do trends in these attributes compare over time with economic growth (or decline) of the region?
- What has been the outcome of education and training programs in terms of impact upon individuals and economic renewal of communities as indicated by labour market attachment or self-employment (entrepreneurship)?
- What do individuals perceive to be the outcomes of training interventions?

As advocated by Yin (1994), I used a case study approach to develop an understanding of the complex social phenomena associated with economic renewal in Newfoundland. I felt it important to provide for what he described as "an investigation to retain the holistic and meaningful characteristics of real-life events" (p. 3). In examining the impact of human capital development on economic renewal of communities effected by the cod moratorium, I considered **more than the standard statistical economic indicators. In reality, human capital development happens to individual people in the context of their lives in their home communities.** In conducting this study, I was concerned to build a "complex, holistic picture, formed with words, reporting detailed views of informants, and conducted in a natural setting" (Creswell, 1994, p. 1).

In Chapter 4, I provide the findings of this research in terms of the results of the interviews and focus groups which I conducted and the documents I reviewed. I then analyse these results in Chapter 5, and build them into conclusions regarding the policy implications of this work, the directions of further research, and the proposal of an accountability model in Chapter 6.

## *Background to the Problem*[3]

> *When we speak of "economic development" of Newfoundland and Labrador, we must focus first on the land and its people--without them the economic exercise would never happen.*
>
> *A craggy island and a mainland outcrop of bedrock on the edge of the North Atlantic Ocean, centre of no map, save for the one displayed on Signal Hill--these are strange settings in which to argue for economic development.*
>
> *A people whose ancestors, too stubborn to return to Europe at the end of the fishing season, clung in isolated pockets to a rugged shoreline--these are not obvious forerunners in the "global economy."*
>
> *A people and a place in the midst of a global crisis of historic proportions--it would be easy to dismiss our "economic development" as an unlikely dream.*
>
> *But that would too easily dismiss the tenacity of a population of strong and unusual survivors who remain devoted to a rich heritage of clear air, clean water, unsurpassed wilderness, and "beating the odds"! Newfoundland and Labrador communities have not, and will not, quit easily.*
>
> *However, development of their economy may not proceed in a pattern established by anyone else's rules. In many ways, the catastrophe of losing the northern cod may have been the shock that will set the wave of development in motion....* (Minty, 1995).

Earlier in this chapter I noted two widely held expectations: (1) that recipients of training/retraining interventions will be both more employable and ultimately employed, or adjusted to the labour force, and (2) that economic renewal will be facilitated by employment of those displaced, the region prospering as a consequence. I noted, too, the substantial investment of public funding through NCARP and

---

[3] I wrote much of the material in this section and published it under my previous name, M. Minty, in "From Economic Dependency to Regional Self-Reliance," in Walters, S. (Ed.) *Globalization, Adult Education and Training: Impacts and Issues*, (1997), London: Zed Books, and as M. Brown (1999, in press) in "Integrating Adult and Continuing Education into Regional Economic Development Intervention: The Case of Newfoundland and Labrador" in Mayo, P. (Ed.) *Adult Continuing Education in Small States and Islands*, London: Pinter/Cassell.

TAGS in the province, based on fulfilling those expectations as related to the catastrophic decline of the cod fishery in Newfoundland and Labrador. In this Chapter, I outline the background to the interventions presently under way in Newfoundland and Labrador in terms of their economic and human capital context, and I sketch out the case for my research.

## Economic Context: From Small Nation to Canadian Province, the Road to Dependency and Beyond

Canada, a vast country which spans the breadth of North America from Atlantic to Pacific oceans, came officially into being in 1867. However, the former *nation state* of Newfoundland, Britain's "oldest colony" perched on Canada's eastern door step, did not actually become part of Canada until 1949, a mere fifty years ago. Thus, both geographically and historically, Newfoundland's position in Canada is peripheral.

Although the province's official name is "Newfoundland," it comprises both the island so named and a vast piece of the Canadian mainland called Labrador (see Map 1 in Appendix 1). In area, the island of Newfoundland covers 44,378 square miles, and Labrador 113,640 square miles. While the land area is substantial, the population is sparse. About 540,000 people live on the island of Newfoundland, and only 30,000 in Labrador.

Newfoundland and Labrador are rugged, rocky and covered with thick coniferous forests interspersed with lakes, bogs and alpine barrens. In the sixteenth century original settlers came in search of the bountiful cod stocks discovered off Newfoundland's shores by John Cabot in 1497, and they stayed, building temporary dwellings to overwinter without permission. Over time, hundreds of small "outports" grew up

along the dramatically rugged coastline in convenient proximity to the rich fishing grounds.

Economic development followed the typical path of many resource-rich parts of the world. Abundant fish, forest and mineral resources were extracted and transported elsewhere for secondary, value-added processing, and profits went largely to absentee landlords. The years between 1855 and 1895 saw the establishment of responsible government and its attempts to modernize the fishery and develop new sectors of the economy via inland agricultural settlement and industrial development supported by appropriate infrastructure. Such strategies had worked in the development of Canada, Argentina and Australia, but this preoccupation with new resource and manufacturing possibilities at the expense of the fishery was largely unsuccessful. While Newfoundland focused its efforts on diversifying away from the fishery, other nations such as Iceland became more expert at prosecuting it. As the twentieth century progressed, steamers and refrigeration vessels left our schooner-loads of salt cod in their wake. Our comparative advantage in the fishery disappeared. "With the benefit of hindsight, we can see that what was tried focused more upon Newfoundland's weaknesses than its strengths" (Royal Commission on Employment and Unemployment, 1986a, p. 42).

While the province's business and government leaders stressed landward industrial development, its entrepreneurs lacked the capital and technological knowledge required to make it happen. While rich in natural resource endowments, Newfoundland was poor in the human capital required to maximize that advantage. As Alexander (1983) noted, “there was no *country* responsible for its affairs and the progress of its people which drew upon such a meagre supply of educated people for its entrepreneurial, managerial, and administrative requirements” (p. 115).

We can only speculate that a more educated population might have changed the course of events in Newfoundland by fostering the development of a more diversified economy. The experiences of other countries indicate that economic development might have followed a different route. For example, in comparing Newfoundland's history with Sweden's, Alexander (1983) hypothesized that:

> The supply of human capital is much less elastic than the supply of physical capital in responding to rapidly changing material circumstances, and hence Sweden with its generous stock of 'overeducated labour' was ideally situated to seize opportunities that opened up and to transform the country into one of Europe's wealthiest by the end of the century. It was exactly this kind of 'internalizing' of opportunities which failed to occur in Newfoundland when resource expansion began to occur in the late nineteenth century--perhaps because the country was not an 'impoverished sophisticate' like Sweden, but simply impoverished (p. 135).

The companies which exploited our forest resources and our minerals were foreign-owned and export-oriented. So by the first quarter of this century, despite our rich resources, the country (Newfoundland) came perilously close to bankruptcy and turned to Britain to replace its responsible government by a Commission. This tactic pulled it back far enough from the brink that with an extra economic boost from the construction of American military bases during World War II it entered confederation with Canada with accounts balanced in 1949.

Prior to the 1940s and Confederation with Canada, opportunities to work in paid employment had been extremely limited. The labour market in Newfoundland and Labrador, as we know it today, was virtually non-existent.

> The heightened level of economic activity throughout the 1940s marked the beginning of a period of rapid change in the subsistence economy and caused a subsequent reorientation of the population's lifestyle around wage earning employment. This period also marked the beginning of a dependence upon formal labour market participation that generated substantial cash in a traditionally near cashless society (ERC, 1992, p. 6).

The arrival of American forces during World War II greatly altered the dynamics of the economy, bringing thousands of rural Newfoundlanders and Labradorians into construction and service jobs. Post-Confederation development continued to neglect the outport economy as it followed the mainland model with its urban-industrial thrust, Canadian and multi-national investment, and federal transfer payments.

> Confederation also had a major impact on the nature and process of change. It was in this period, beginning in the 1950s, that the province entered the early stages of an intensive development process which lasted into the 1970s and was characterized by a concerted effort to increase both the goods and services available to the public. This intensive development process, which took place over a relatively short period of time, resulted in the evolution of the Newfoundland and Labrador economy as we know it today. The beginning of the reliance upon income security had its start at this time with the establishment of Canada's social programs (ERC, 1992, p. 7).

In fact, confederation with Canada brought levels of social benefits which Newfoundland and Labrador had never enjoyed before. The federal government of Canada, by virtue of its constitution, was (and is) committed to *equalization* and the reduction of regional disparity in terms of social supports. (In Canada, provinces which do not have large enough taxation bases to generate sufficient income to maintain social, health and education services on a par with the Canadian average receive equalization payments from the federal government to enable them to do so). As well, Canada brought to workers in Newfoundland and Labrador the safety net of unemployment insurance (now officially termed Employment Insurance). Given our climate, much employment is seasonal in nature, so that safety net was welcome indeed. When it was extended to include fishermen's unemployment insurance, the majority of the population was spared the hardships which earlier generations had endured.

Working in paid employment for part of the year to receive federal transfer payments during the remainder became a standard, and accepted, employment pattern. Although many people became unemployed for part of the year, as illustrated by our persistently high unemployment rates (see Chart 4 in Chapter 4), seasonal workers incorporated government support into their perception of themselves as self-reliant people. While economists coined the term *transfer dependency*, and the statistical picture of our per capita income appeared dismal, in reality many people were (and are) far better off than their mainland counterparts because their seasonal employment left leeway for growing vegetables, hunting, cutting wood and building their own, mortgage-free homes. Outport life in rural Newfoundland and Labrador has a quality and comfort with which many residents are reluctant to part.

The outport economy simply assimilated seasonal employment in resource harvest and construction, and federal transfer payments, into its pattern of occupational pluralism. Although some residents staved off the threat of long-term unemployment by out-migration, many more settled into a pattern of gaining income through a combination of the fishery and government-sponsored make-work projects. The declaration of Canada's 200-mile limit fuelled optimism and expansion of the fishery, and both levels of government contributed toward increasing harvesting and processing capacity. However, as the numbers of people employed doubled, provincial, national and international overcapacity took its toll. There were no more cod fish. The situation we now see in rural Newfoundland and Labrador--massive unemployment and ultimate dependency upon government income security transfer payments--had its origins in the decline of the cod fishery, the end of the seal hunt, the end of the construction boom, forest harvest mechanization, and failed industrialization.

Manufacturing sector attempts (which later fizzled), large-scale resource development (for example, mining, hydroelectricity generation, and linerboard) and concomitant federally-financed infrastructure development gave the appearance of affluence in the 1950s and 1960s as government support to economic development activity shifted from rural and agricultural development to private sector stimulation. Government assumed that the small-boat inshore fishery would die away, focused upon developing *growth poles*, and expected the rural population to resettle into larger regional growth centres to concentrate upon manufacturing and a more industrialized offshore fishery--a reasonable expectation of a classical *free-market* economy.

But rural residents did not cooperate with Government hopes by deserting their roots when the construction boom fizzled in the 1970s. Instead, a widespread rural development movement appeared. Between 1967 and 1994 fifty-eight Regional Development Associations (RDAs) formed, bent upon keeping rural Newfoundland and Labrador alive. Government soon recognized their potential to assist in stimulating the rural economy and supplied core-funding to enable the RDAs to improve fisheries infrastructure, develop other industry opportunities, and provide community services. Unfortunately, during the 1970s and 1980s,

> RDAs became the mechanism of choice for government to funnel short-term job creation and emergency response funds into communities. This increased the RDAs' reliance on short-term "make-work" programs to enable people to qualify for unemployment insurance. This government-sponsored approach to job creation distorted the income security system and undermined attitudes towards work, entrepreneurship and education in rural areas. It also undermined the activities of RDAs. Pressured by rural residents in need of income-support, many RDAs were deflected from long-term goals. (Task Force on Community Economic Development, 1995, p. 29).

In fact, since Confederation the province has been assimilated into the Canadian welfare state, with Ottawa (the national capital) situated

firmly as the source of transfer payment and developer of programs aimed at solving its employment and economic problems. The locus of control has been very much *top-down*. As Welton (1997) noted, ordinary people and communities in Canada were transformed into clients who needed their needs, experiences and life problems interpreted for them.

> Starting with the campaign that led up to Confederation in 1949, and through the promises of a series of industrial projects from rubber factories through mega-hydroelectricity projects to offshore oil-related development, Newfoundlanders have continuously had their expectations raised during the last 36 years. Prospects of economic wealth for the province as a whole have been complemented by regional and community-level promises of all the amenities of twentieth century living: electricity, water and sewer systems, paved roads, hospitals, new schools and houses. People have come to expect continuous material progress, and their political leaders have felt obliged to reinforce those expectations in order to stay in office. The reality, however, is that Newfoundland's post-Confederation affluence has been bought at the high price of dependency upon international resource markets and the fiscal largesse of the federal government (Royal Commission on Employment and Unemployment, 1986a, p. 22).

Never has that dependence upon "fiscal largesse" of the federal government been more evident. Over the years it has manifested in the form of various income support and economic development funding agencies, programs and federal/provincial agreements, as well as the equalization system mentioned earlier. With the scaling back of the groundfish harvest between 1991 and 1994, the federal government mounted a series of initiatives to help industry participants adjust to the resulting loss of employment and incomes, including the two programs, NCARP and TAGS, which are the main focus of this thesis.

> The implementation of the northern cod moratorium in July 1992 marked the beginning of a period of dramatic change in the Province's fishing industry. The combination of events leading to the closure of the fisheries, and the repercussions that followed, are unprecedented in the fishing and economic history of the Province....The large decline in fishing activity has created a situation where groundfish landings dropped to about 6 percent of normal levels and employment in the fishing

> industry declined precipitously. The earnings crisis which loomed because of the fisheries closures became the backdrop for the implementation of income replacement measures (Department of Finance, 1997, p. 5).

NCARP, introduced in 1992, was designed to provide short-term financial compensation to individuals whose livelihoods depended directly on harvesting and processing northern cod, and who had limited opportunities for other employment. In addition to its income support component, the program contained five options, three of which were directly or indirectly related to education: training outside the fishery; professionalization within the fishery; and other approved fisheries-related activities including employment as program counsellors, or providing professionalization training to other fishermen or plant workers.

As noted in HRDC (1998), by 1994 the groundfishery was "virtually shut down, resulting in what has been described as the largest industrial layoff in Canadian history" (p. 1). TAGS was introduced in May 1994 as a comprehensive, long-term response, intended to help Canadian fishers and fish plant workers with a substantial historical attachment to the Atlantic groundfishery develop new skills and careers outside the fishing industry. In addition to income support, TAGS initially included various labour market adjustment options: Adjustment Training, Literacy, Mobility Assistance, Employment Bonus, Wage Subsidy, Self-Employment Assistance, a Community Opportunities Pool, Green Projects, Special Initiatives for Youth, Fish Plant Older Worker Adjustment Program, and Other Employment Programs and Services. The Adjustment Training Options included: Career Orientation (life skills, occupational and career decision making), Preparatory Training (literacy and adult basic education), Vocational Training, Entrepreneurial Training, and University Programs.

These programs covered the roughly thirty thousand workers rendered unemployed by the cod moratorium in Newfoundland and Labrador. As well, as provided for under the federal Employment Insurance Act (1996), the Province and the federal government negotiated a general Canada-Newfoundland and Labrador Agreement on Labour Market Development (LMDA) on employment supports to eligible unemployed people. This agreement covers the delivery of a range of active Employment Benefits and Support Measures (EBSM) aimed at getting people back to work as quickly and efficiently as possible. These include: Targeted Wage Subsidies (assistance provided to employers to encourage them to hire unemployed workers); Targeted Earnings Supplements (assistance provided to unemployed workers to help bridge an earnings gap between old and new jobs, and ensure that work pays more than income support); Self-Employment Assistance (assistance provided to unemployed workers to encourage them to start their own business); Job Creation Partnerships (assistance provided to employers to create employment opportunities for unemployed workers, and allow them to gain work experience which will improve their long-term employment prospects); and Skills Loans and Grants (assistance provided to unemployed workers to help them obtain skills for employment, ranging from basic to advanced skills).

In addition to these federal income supports to individuals, there are various other agreements which support the development and implementation of economic development strategies in the province, such as the Canada-Newfoundland Cooperation Agreement on Strategic Regional Diversification (SRDA), the Economic Renewal Agreement (ERA) and Comprehensive Economic Development Agreement (CEDA). The SRDA was a landmark agreement in that it funded a new approach to regional economic development in the province, the establishment of "economic zones," a notion first introduced in the 1992 provincial Strategic Economic Plan, *Change*

*and Challenge*, and a tentative first step in moving from dependency to a more self-reliant economy. This economic zone process represents a considerable paradigm shift in economic development policy in the province. It is an attempt to meld the "top-down" support of government with the "bottom-up" approach characteristic of *community economic development*, a model which is described more in Chapter 2. The formation of the economic zones with their community-based, democratically-selected, volunteer "Regional Economic Development Boards" (REDBs) was a significant event, as will become evident in Chapters 4 and 5. (Appendix 1, Map 2 shows the distribution of the twenty economic zones in the province.)

The REDBs brought together existing groups and agencies in each zone to fulfill the following functions: leadership in developing and coordinating implementation of zonal strategic economic plans, coordination of business development support, support to organizations and communities within the zone, coordination of all social and economic initiatives relating to regional economic development in the zone, and promotion of public participation and community education. The intent was that, given these functions, the REDBs would be logical focal points for governments to use in linking supports to business development, infrastructure provision, job creation, training, and work experience to maximize their contribution to strategic development of the region.

The implementation of the LMDA exemplifies an attempt to translate this intent into practice. Earlier agreements on employment supports had fallen under the rubric of labour *force* development. This latest agreement, however, is intentionally called the Labour *Market* Development Agreement. It is meant to coordinate employment supports to individuals with regional economic development activity. The administrative structure established under the LMDA includes

Regional Sub-committees responsible for developing business plans to guide the investment of EBSM funding. The business plans developed thus far have taken into consideration priorities identified in the economic zone strategic plans.

Another significant step in this journey toward a more self-reliant province was the recent declaration of a provincial social development strategy, *People, Partners and Prosperity*[4], which stated that

> Government recognizes that work and economic security are key to ensuring the long-term well-being of people, communities and the province. Government is therefore committed, through this Strategic Social Plan, to ensuring that social and economic policy development, planning and investments go hand-in-hand (Government of Newfoundland, 1998, p. 7).

It is too early to tell if that journey will be completed successfully. However, two observations germane to this research are: (1) undoubtedly, there will be considerable ongoing investment in development of people with the expectation of evoking prosperity in Newfoundland and Labrador and, consequently, (2) there will be a need to monitor the impact of that investment.

**Human Capital Context: Contribution of Education and Training to the Development of the Province**

Clearly from the provisions of the Strategic Social Plan, human capital development is, as it was in the past, a significant issue to be considered in economic renewal strategies. Over a decade ago, the task of analysing and building upon the connections between education and the economy of Newfoundland and Labrador was brought clearly to the forefront by the work of the Royal Commission on Employment and Unemployment, established by the Government of

[4] I was a member of the working group which developed this plan.

Newfoundland and Labrador in 1985. The Commission pointed out that

> Education for economic development means not only providing people with the skills to fit job slots available in the provincial or national labour markets but, equally importantly, it means educating people to help them improve their own work, create their own employment, and ultimately contribute to the advancement of their own lives in their own communities. In the late twentieth century, education is the key to becoming employable in Newfoundland, and to being mobile throughout Canada and the rest of the world (Royal Commission on Employment and Unemployment, 1986a, p. 209).

However, as noted earlier, the traditional work of the majority of rural Newfoundlanders was in the fishing sector, where high educational attainment was not required to gain employment or make a substantial income. Education was not viewed as a tool for survival and, had the decline of the northern cod fishery not intervened, would likely still not be viewed as such within the fishing industry. Early analysis of the levels of schooling of those harvesters and processors at time of application for income support under TAGS illustrate this situation very clearly: 41.2% had less than Grade 9, 29% had done some secondary school, 19.2% were high school graduates, and 9.5% had a postsecondary diploma or certificate (Department of Finance, 1997, p. 7).

In fact, when the moratorium was declared in 1992, undereducation of a large proportion of the province's population was just one part of the composite barrier which challenged economic renewal. According to Statistics Canada (1991 Census), at that time the province had:

- the highest illiteracy rate in Canada
- nearly the greatest proportion of undereducated unemployed people
- the highest unemployment rate in the country
- the lowest personal disposable income

- the greatest dependency on federal transfer payments as a source of provincial revenue and personal income

The insistence of the federal government upon training as an active income support option under NCARP and TAGS brought pressure upon both the large group of displaced fisheries workers and the education system to make changes in this long-standing situation--not an easy challenge for either group to take up. As noted by the Royal Commission on Employment and Unemployment (1986b), when Newfoundland joined Canada in 1949 its education and training system was just beginning to take on the characteristics needed for a modern society. Most people did not finish secondary school. The few that did could avail of Memorial College (which offered the first two years of a university degree program) or a rudimentary vocational institute. There was no real postsecondary system of education.

Since then, there has been an incredibly rapid evolution of the province's postsecondary system of education which now comprises: Memorial University, a full degree-granting university with graduate as well as undergraduate programs; a multi-campused public college of applied arts, technology and continuing education; and numerous private training institutions. In addition, there are various community-based literacy programs. This system has the capacity to provide training for new economic growth areas, and has been doing so, like others across Canada, on a somewhat ad hoc basis in response to national reports such as those of the Canadian Labour Force Development Board (1994), the Economic Council of Canada (1992), and the Science Council of Canada (1991). These reports stressed that, through education and training, people must become more employable by becoming more flexible, technically adept and able to meet changing national and global labour market demands.

In fact, according to the Department of Education (1998), based on Census Canada statistics, the levels of schooling have been increasing dramatically in the province. Historically, educational attainment in Newfoundland fell well below Canadian standards. Two decades ago more than 70% of its population had not completed high school. "In 1976, approximately 40% of the adult population in this province had not attained even a Grade 9 education. By 1986 this percentage had decreased to 26.6% and in 1996 stood at 18.7%. This represents a real decrease of more than 100% over the twenty year period" (p. 31). In this period, the proportion of high school graduates in the adult population (15+) increased from 29.4% in 1976 to 58.1% in 1996, a 98% increase. In the 20-34 year-old cohort, attainment was even more pronounced: "whereas in 1976 over half the population of 20-34 year-olds (54%) had not completed high school, by 1996 this percentage had decreased to 20.5%" (p. 32).

> While educational levels among Canadians, as a whole, did increase substantially, the gain was highest in Newfoundland. For example, between 1976 and 1996, levels of college and university attainment in this province increased at a greater rate than the national average. Over the 20 year period, the proportion of this province's population with a college certificate or diploma or a university degree or diploma increased by 143% compared to the Canadian average increase of 119% (p. 32).

In terms of economic renewal of the province, however, an unfortunate situation is arising. The present lack of diversification in the economy means that there are few employment opportunities for the graduates of these postsecondary education programs, and there is a high rate of out-migration among the province's best-educated people. Census Canada data from 1981 and 1991 (see also Chart 13 in Chapter 4) show that "the pool of out-migrants is largely composed of young educated individuals, almost half of whom have completed postsecondary programs" (Department of Education, 1998, p. 8).

These statistics illustrate an issue which must be handled if education and training are to be used to lever economic renewal of rural Newfoundland and Labrador. Human capital development strategies presently in vogue nationally and internationally focus on the "supply-side" of the labour market, that is they work on fixing the labour *supply* by increasing skill levels and credentials. They are premised upon the assumption that there are jobs to be had if people have the right skills. However, in Newfoundland and Labrador, the problem is that the *demand* for labour has not kept pace with the supply. Diversification has just begun, and there is a need to engage in strategic business and sectoral development to create long-term employment opportunities, particularly in rural areas. The demand for labour must also be stimulated. The challenge in implementing the new Strategic Social Plan and the economic zone approach will be to ensure that people have both the skills they need and the opportunity to employ those skills in the province. As noted by the Royal Commission on Employment and Unemployment (1986b),

> Education is not a panacea for Newfoundland's unemployment ills. Nevertheless, it is an essential ingredient in the...recipe for economic success and employment generation....[We must] ensure that by the next generation, Newfoundlanders will be a literate, well-educated people....Education will be geared to *local* [emphasis added], as well as national and international, needs and values (pp. 157-158).

## Accountability Context: A Case for Research

As Chapter 2 documents, the notion of accountability is now widely ascendant. The programs and agreements described above have provision for accountability measures built into their terms of reference, and monitoring and evaluation activity is happening to greater and lesser degrees. Of particular interest to the research problem investigated and described in this thesis was any monitoring and evaluation activity associated with NCARP and TAGS. As Robinson (1997) lamented, "in spite of the hundreds of millions of dollars

invested, the federal and provincial governments had not undertaken any detailed assessments of the effectiveness of TAGS training" (p. 12). HRDC (1998) explained that, in 1996, when the decision was made to end the TAGS program in 1998 rather than 1999 because of cost over-runs, evaluation activity was also cut back. "As a result, in-depth analyses of the impacts of TAGS income support, training, employment and mobility programs that had been planned for 1996-97 were cancelled. Therefore not all of the evaluation issues have been addressed to the extent that was originally intended" (p. ii). The Auditor General of Canada (1997) also reported that

> The Department [HRDC] had to evaluate a five-year program that was recognized as having by necessity been developed too quickly. Two types of evaluation had been planned. The first, to be conducted during the program's development and implementation, was to recommend improvements to the program. The Department requested and obtained the appropriate evaluation studies and a first evaluation was completed. The studies for this evaluation dealt with issues that were appropriate and useful for management purposes. The second type of evaluation was to have been conducted once the program had stabilized, and was intended to evaluate the results and effects of the program. However, because of the way TAGS was developed, evaluation efforts were abandoned in March 1997. The second type of evaluation will not be done and many questions will remain unanswered (Section 16.79).

The answers to those questions are important, however, and not necessarily lost forever. TAGS is only now winding down, and the people involved have strong perceptions regarding its impact.

As well, assumptions regarding the impact of human capital development upon economic renewal are still of great significance to ongoing policy making and program delivery in Newfoundland and Labrador. The Strategic Social Plan (1998) stated that "investing in education and training...strengthens people's ability to take part in economic development opportunities" and noted that "employment is the most basic link between social and economic development" (p. 11).

The Royal Commission on Employment and Unemployment (1986a) had pointed out some years ago that

> Newfoundland finds itself in a position where demand for labour in its established goods-producing industries will not likely expand and, indeed, may even shrink further...where supply, especially in occupations which employ a great deal of unskilled labour, seriously exceeds demand; and where the adjustment processes of out-migration and lower wages are seriously constrained to the point where full adjustment is not possible....If the standard economic analysis is correct, it cannot achieve equilibrium in its labour market and is doomed to continue to exist in a state of moving from economic crisis to economic crisis with no humane solution in sight. But is this analysis correct?...We need to divest ourselves of any inappropriate assumptions built into theories that were originally designed to describe large-scale industrial economies like that of Britain in the 1920s (p.104).

The Strategic Social Plan (1998) promised that

> Policy development in Government will integrate current research, public input, analysis of issues, identification of gaps in services, assessment of impacts and outcomes, and social auditing approaches to evaluation. This approach will more closely integrate program design and delivery with broad-based policy objectives and will ensure greater consistency between policy and delivery (p. 30).

With these statements as guiding beacons, I plotted the course of this research project. But, as Coombs and Ahmed (1974) noted for their research, "the problem was not simply to devise a dictionary definition; it was the profoundly more difficult task of trying to discover the real nature of nonformal education and of rural development, and to understand the relationship between the two. It was a problem of discovering ways to think more clearly, rationally and realistically about these matters--which is obviously the first essential in good planning and decision making" (p. 232).

The following chapters document my attempts at discovering the "real nature" of human capital development and economic renewal and understanding the relationship between the two as a contribution to

informed planning and decision making in Newfoundland and Labrador.

# CHAPTER 2
# LITERATURE REVIEW

> *Whenever and wherever capitalism has made its great forward leaps in human productivity, it has done so on the basis of primitive accumulations of riches, of devastating exploitation of human labour, of revolutionary technological changes and alterations in the accepted patterns of work, or through the appropriation of vast accumulations of raw natural wealth. Rarely if ever has the education of the large majority of the workforce been seen as the central lever of economic growth. Now, however, as twentieth century capitalism draws to a close, a new consensus is emerging among politicians of many persuasions, among scholarly writers and among popular feeling, a consensus that the salience of a nation's education and training system is becoming the key item in the struggle for competitive superiority (Ashton & Green, 1996, p. 1).*

When I read Ashton and Green's comment (above), I was reminded of the assumption I described in Chapter 1 regarding the role of education and training in economic development. They spoke of a changing consensus, emergent as "20th century capitalism" draws to a close. Recognizing that economic theory had come to exert a strong influence on expectations regarding education and training provision, I wondered when and why that shift had occurred. Reviewing the literature related to my research notion became an exercise in teasing out and reassembling various theories and research findings to expand upon the key concepts I introduced in Chapter 1: economic renewal, human capital development and accountability. As I noted also in Chapter 1, this search led me through various fields and sub-fields of academic disciplines. Initially, I felt as though I were blundering from one labyrinth into another, frequently giving up and retracing my steps, and never sure if I would emerge anywhere near where I thought I should be. Eventually, however, many of the side passages joined up, themes emerged, and I began to see some useful patterns in the maze.

Not being an economist, I had to begin my review of background literature by examining some definitions, theories and global trends in economic development. This led me to an exploration of concepts related to regional economic development issues, and finally to the notion of community economic development. Because I intended to focus my research on the impact of government intervention on economic renewal through human capital development, I moved on to that concept, and I was especially interested in theories and models in which government intervention figured. Lastly, I turned my attention to accountability models and trends.

## *Economic Renewal Themes*

According to the Penguin Dictionary of Economics, *economics* is the study of production, distribution and consumption of wealth in human society. Todaro (1997) described "traditional economics" as "concerned primarily with the efficient, least-cost allocation of scarce productive resources and with the optimal growth of these resources over time so as to produce an ever-expanding range of goods and services" (p. 7). He defined *development* in economic terms as "the capacity of a national economy, whose initial economic condition has been more or less static for a long time, to generate and sustain an annual increase in its gross national product[5] (GNP) at rates of perhaps 5% to 7% or more" (p. 13). Closer to home, Newfoundland's Task Force on Community Economic Development (1995) stated that economic development relies upon creating wealth, and is characterized by business development, value-added activities, job creation, and increased productivity.

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[5] Gross national product is calculated as the total domestic and foreign value added claimed by a country's residents. Sometimes Gross Domestic Product (GDP) is used. GDP measures the total value for final use of output produced by an economy.

Healey and Ilbery (1990) described the three sectors, or types of activity, that usually comprise the economy of a country or region:

- The primary sector, which is engaged in the exploitation of the earth's resources and includes agriculture, forestry, fishing, mining, and quarrying. The output from this sector, in the form of commodities and raw materials, often becomes the input for the next sector.
- The secondary sector, which includes manufacturing, construction, and utilities and involves transforming the primary products into usable goods. Value is added in each successive process.
- The tertiary sector, which provides services, often intangible in form, to other producers (producer services) and the general public (consumer services). This sector involves a wide range of functions, from wholesaling and retailing to the provision of business, personal, and entertainment services (p. 8).

According to Healey and Ilbery (1990) industrialized nations have gone through a typical pattern of development in which each of these stages has in turn been the major employer, a three-sector stages model "which depicts a sequential shift in employment structure, from agriculture (primary sector) into manufacturing (secondary sector) and then into services (tertiary sector)" (p. 9). They use the term "post-industrial society" to describe the growth of the tertiary sector into the main locus of economic growth and the recent emergence of a "fourth sector," an "information sector." Beck (1992) also described the mounting significance of information or knowledge as an "economic engine."

It is perhaps this sectoral evolution of the economies of industrialized nations that has influenced the consensus regarding between education and economic development to which Ashton and Green

referred. Historically, primary harvest of natural resources, for example the cod fishery in Newfoundland, did not demand much in the way of formal education--the skills required were never learned in school. However, secondary processing and information-based services require more standardized skill development and knowledge acquisition, with greatly increased potential for education systems to be involved in their provision. Newfoundland lingered until recently in a more *pre-industrial* state, at least in terms of employment of a substantial portion of its population in the primary sector, harvesting the northern cod. Ironically, attempts to adjust to the downturns in that sector by retraining for employment in the secondary and tertiary sectors have been stymied by their underdevelopment in rural areas--there are no other jobs.

**Economic Development Theory and Employment**

The *classical economic theory* espoused by many early economists was based upon the assumption that the forces of supply and demand would reach an equilibrium in a free market without government intervention, because individuals would be motivated by self-interest and personal ambition, which would result in competition and ensure that the community as a whole would benefit. The attitude toward employment which was wrapped into this theory was that "plenty of labour already existed, that working-class poverty was caused by overpopulation, that idleness was a personal more than social problem, and that hunger would compel everyone to work" (Garraty, 1978, p. 73). The prevalent belief was that there was sufficient work for all who wanted it and the need, or demand, for labour would find a balance with the supply of people looking for work, scarcity of workers resulting in higher salaries, and oversupply leading to lower wages. This theory was widely accepted until the Great Depression provided contrary evidence.

In the 1930s, this *laissez-faire* approach of allowing free-market supply and demand forces to establish an appropriate balance was challenged by John Maynard Keynes, whose "general economic theory" advocated government intervention to actively stimulate demand. According to Garraty (1978), the British government White Paper on Employment Policy, released in May 1944, represented an almost total acceptance of Keynes' general theory. Canada also followed suit.

> The maintenance of a high and stable level of employment, the White Paper stated, was now one of the government's "primary aims and responsibilities". The paper endorsed low interest rates, large-scale public works projects, and other techniques designed "to prevent total expenditures from falling away"....The White Paper was a document of major significance, the forerunner of many similar pronouncements. Early in 1945 the Canadian government announced "unequivocally" that "a high and stable level of employment" was "a major aim of Government policy," and its description of the tactics it would pursue in achieving this end was thoroughly in line with the general theory. The budget, for example, was to be employed as "a balance wheel of the economy," and the government was prepared deliberately to increase the national debt in order to carry out its employment and income policy (p. 230).

Government intervention of this sort remained popular and apparently effective until the 1970s, when events such as the American Vietnam war, the price-setting of the oil cartels, and increasing wage rates in industrialized nations hiked inflation rates into two-digit figures. Rather than decreasing, as the Keynesian model predicted, unemployment escalated at the same time.

> Between 1974 and 1983, unemployment rates for the principal industrialized countries of the world increased dramatically: many countries experienced a doubling or tripling of their unemployment rates over that period, while some (the Netherlands, Denmark, the United Kingdom) saw their rates more than quadruple (Royal Commission on Employment and Unemployment, 1986a, p. 58).

The course of events in the 1970s provoked powerful reaction against Keynesianism, in fact a noticeable swing back towards pre-Keynesian

or *neo-classical* ideas, which guided the right-wing policies of the Thatcher, Regan and Mulrooney governments (of Britain, the United States and Canada respectively). These governments became disenchanted with government intervention at the price of high debt loads and renewed their faith in the role of private enterprise in the free market.

In Canada, efforts to deal with both high unemployment and heavy national debt loads has resulted in the present "see-saw" tensions in government employment policy and program development. On the one hand, the federal government is attempting to wrestle with budgetary deficits by tightening regulations, as in the Employment Insurance Act of 1996, and reducing expenditure on social supports like Employment Insurance; on the other hand, the orthodoxy of the post-war period lingers on, in particular the expectation that government should intervene actively to manipulate the level of effective demand in the economy, as evidenced by the terms of the Labour Market Development Agreement (1996). The problem with using centrally-developed programs to stimulate demand, however, is that the economy has developed differently in various parts of the country. Regional disparities exist.

**Rural Development and Regional Disparities**

In Chapter 1, I used the term *economic development* to describe the capacity of a country or region to function over the long term for the well-being of its citizens. Healey and Ilbery (1990) pointed out that "different societies evolve in different localities; this creates varied local/regional responses to national processes of economic change and leads to uneven economic development" (p. 173). Johnston (1986) also noted that places may pass through a "cycle of crisis" in which industrial decline stimulates out-migration. He noted that:

> Much academic and political attention has been focused in most industrialized countries during recent years on the "regional problem", characterized by substantial spatial variability in unemployment rates and prospects for economic development. The spatial concentration of economic problems that this involves has been widely interpreted as a political problem, threatening the economic and social cohesion of the nation-state. Consequently, governments have felt it necessary to intervene, and to manipulate the economic geography of their territories--mainly by manipulating the costs of production--in order to prevent the problem developing and harming the fabric of the local social formation (p. 265).

Johnston described various types of government interventions, such as state investment in infrastructure, subsidies for private investment in plants, and subsidies for labour costs. Bartik (1991) described "new wave" economic development policies, designed to encourage various forms of innovation, such as applied research, industrial modernization, entrepreneurship, and business expansion into export markets (p. 5). Various countries in the industrialized world have well-established, long-standing, regional economic policies, programs and agencies. For example, Canada established the Atlantic Canada Opportunities Agency (ACOA), Western Diversification and Northern Ontario's FEDNOR to encourage economic development at the regional level through initiatives directed toward stimulating the private sector, developing entrepreneurship, and building on local strengths (Savoie, 1992). Both Bartik and Johnston stressed that the goal has been to direct employment-generating activities into depressed regions--as Bartik (1991) noted, "to most politicians, economic development means more jobs" (p. 1)--as well as to stimulate growth generally.

The very length of time these policies and structures have been in operation, however, raises questions about whether they are having an impact upon the regional disparities they are meant to address. Employment generation and development seem to remain stubbornly elusive in some regions due to the "problems of immobility of labour, of

abandoning expensive fixed investments, and of inertia" (Johnston, 1986, p. 270) which prevent a new equilibrium situation from occurring naturally or quickly. Bishop (1998) observed of the Appalachian and Great Plains regions of the United States that "ninety years of study have come and gone, and there is no evidence that anyone has found a policy or plan that appears to work." He lamented that

> There aren't any good answers--for the Great Plains or the parts of rural America that aren't recreational playgrounds or adjuncts to large cities....If the market is free to decide, the proud counties of the Great Plains will continue to decline. Savings will be lost, hopes will be sunk. But this won't be the last tough rural place to fail. It will simply be the one that's failing now.

Knox and Agnew (1989) noted that slower-growing states with economies dominated by inefficient primary or manufacturing industries face the danger of becoming "backward problem regions" (p. 355). From Ottawa's perspective, Newfoundland and Labrador would likely be deemed such a backward region. In reporting their research findings on "leading" and "lagging" rural regions[6] in the EU, Terluin and Post (1998) observed that "the most striking difference between leading and lagging case study regions was the increase in employment in the manufacturing and construction sectors in the leading regions" (p. 10). Newfoundland and Labrador is still in the early stages of making this shift from the primary to the secondary sector, although both federal and provincial governments are making strong efforts to nurture the shift as a basis for employment generation in the province.

Savoie (1992) emphasized both the lack of and the need for an underlying theory to guide interventions in regional economic development. He stressed the need to

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[6] The authors considered a region to be leading when the growth rate of non-agricultural employment was 0.5 percent points above the national growth rate, lagging when it was 0.25 below.

> Pay more attention to historical processes--institutions, culture, and the population factor--than we have done traditionally. Historic process and the population factor encompass attitudes and education and all the other factors that affect the capacity of people to contribute to their region's economic development. Current approaches to regional economic development slight the population factor by dealing with people as a generic entity, ignoring their intrinsic dynamics (p. 230).

He believed that "higher levels of education, improved public health, increased employment, are not really objectives of the 'socio-economic system', but aspects of the healthy functioning of the system" (p.251).

Healey and Ilbery (1990) stressed that regional economic policies have an important role to play in a developed market economy, and pointed out that "the most common justification for such policies is on social grounds. They are seen as necessary to alleviate the worst effects of a free-enterprise system. By helping the 'victims' of the system, area-based economic policies provide a geographical welfare-net" (p. 332). Such a safety net has become a necessity because

> Labour is less mobile than capital--it finds it difficult to shift from one segment of the labour market to another; more difficult to shift from one spatial labour market (a town or urban region) to another; and even more difficult to shift between both labour market segments (industry to industry) and spatial labour markets (place to place). As a consequence, despite substantial out-migration from certain regions...major pockets of long-term unemployment have been created (Johnston, 1986, p. 270).

According to MacNeil and Williams (1995), research on single industry communities and plant shutdowns has found a consistent pattern of social and economic change in situations of cataclysmic job loss. They described a sequence in which younger, more highly qualified employees left the area immediately and generally made a transition to new lives in other communities. Older employees, skilled but with deeper roots in the community, stayed in the area and accepted some income loss by taking less rewarding jobs or becoming self-employed.

However, depending on the industrial sector and local economic climate, a significant number of the least skilled employees did not leave or re-establish their economic self-sufficiency in the local area. They fell into a pattern of dependence on income transfers and occasional employment in marginal jobs. These authors noted that individuals who have spent their working lives "immersed in a *metier* such as fishing, farming or forestry work," and who had built up equity in that industry (such as land or equipment), were often the most reluctant to leave their home areas (pp. 16-17).

Bartik (1991) observed that "a strong sense of place would make households uniquely attached to communities in which they had long resided," contributing to a "psychological moving cost" (p. 66). He stressed that

> The fate of a particular place matters because it affects the fate of people. Places, therefore, should play a role in national policy. National policy makers should at least consider how policies adopted for other purposes affect the economic development of particular states, metropolitan areas, rural labour markets, or other "places" that have some separate labour market identity (p. 209).

However, he warned that place-oriented policies were controversial on the basis that they will constrain geographic mobility or that focusing on places is divisive, contributing to poor national unity. Nonetheless, he advocated that

> We should not elevate the virtues of geographic mobility so much that we forget the needs of those who have strong and valuable ties to their home...because of the ties of people to places, policies to improve local economies can have long-lasting effects upon individual well-being (p. 211).

As Healey and Ilbery (1990) noted, however, while regional economic development policies and interventions are targeted at certain problem areas, "an apparent paradox would appear to exist, whereby deliberate *spatial* policies have been introduced to help overcome the

problems created in part by *aspatial* measures," (p. 147). For example, in Canada, various spatial (region-specific) policies and interventions have attempted to improve the socio-economic status of Newfoundland and Labrador, including:

- the establishment of the Atlantic Canada Opportunities Agency
- the negotiation of various federal-provincial funding agreements, such as the Cooperation Agreement on Strategic Regional Diversification
- the establishment of the fiscal equalization program, intended to ensure a national standard of public services

However, certain aspatial policies and programs, such as Employment Insurance (EI), have had an opposite effect in Newfoundland and Labrador as was intended in the country. Designed to provide temporary relief to unemployed people between jobs, this support was developed to suit the economic situation and labour market of the industrial heartland of the country. As noted in Chapter 2, the labour market in Newfoundland is different from central Canada, and the EI program has, in fact, been counter-developmental in the impact it has had upon the province in that it has increased dependency upon income support. MacNeil and Williams (1995) observed what has been dubbed the "10-42 syndrome" in Newfoundland, whereby some communities had "more or less consciously regulated individual behaviour to spread the available jobs over the largest possible number of people and to make maximum use of unemployment insurance benefits." Workers took jobs for the fewest weeks (10) needed to qualify for UI benefits, then quit so that someone else could get the job and, 10 weeks later, their benefits--"a collective effort to optimize the economic benefits of very limited employment and income opportunities" (p 16). As discussed by the New Economy Group (1993),

> In recent years, many different development strategies have been initiated by governments and the private sector to mitigate the impacts of de-industrialization, economic restructuring and

> recession. Measures have also been adopted to reduce regional disparity and to alleviate poverty and inequity across Canada. Many of these centrally planned approaches have proven to be expensive and of limited lasting value. Often they have been individual-centred such as numerous training and social assistance programs. The result in many cases has been increased isolation, dependence and despair (p. 1).

Johnston (1986) opined that regional policies as traditionally conceived are becoming increasingly obsolete, stressing that "national economic survival within the world-economy requires that the state promote the most efficient use of resources rather than subsidizing uneconomic locations" (p. 265). He felt that traditional regional development policies are, in fact, increasingly irrelevant, for two main sets of reasons. The first accrues from the burgeoning of transnational operations which have a "changed spatial scale of locational choice." The second set of reasons he linked to "the fiscal crisis of the state." He suggested that "in the face of the national crisis the regional crisis is not only irrelevant but also insoluble" (pp. 273-274). Knox and Agnew (1989) maintained that regional policy is "both an expensive luxury and an increasing liability," noting that this was the view adopted by the Thatcher government in Britain and the Reagan administration in the United States. "Reducing state spending on regional policy and other 'welfare' programmes is seen as a necessity for improving *national* competitiveness in a global economy" (p. 363).

In this environment of combined global competitiveness and national debt management, "problem regions" of industrialized nations have found themselves in a double bind situation--encouraged to develop while losing the financial resources to which they had grown accustomed. As noted by MacNeil and Williams (1995), "the New Economy is growing rapidly, but it will never generate sufficient and suitable employment opportunities for the Old Economy workforce. We are therefore in the midst of a historical transition in which many

working people and their communities are being left high and dry" (p. 19).

## Community Economic Development

MacNeil and Williams (1995) summarized a "constellation of trends" which have generated high structural unemployment and intensified regional disparities and led to a new paradigm as a basic alternative to expanding income transfers and short-term make-work projects--community economic development (CED). They identified corporate restructuring and down-sizing, the flight of capital to low-wage countries, the decline of many "smokestack" industries, the depletion of strategic natural resources, displacement of workers through technological change, and the movement towards freer international trade in goods and services. These are the pressures which they felt have caused decision-makers at all levels to look to local initiatives to generate jobs and incomes as perhaps the only hope for many urban neighbourhoods, small towns and rural communities in the face of budget cuts at every level of government, and the apparent inability of the economy to support the existing social safety net system (pp. 1-2).

In researching the conditions required for successful community economic and social development, the Atlantic Provinces Economic Council (1993) observed the following reasons for mounting interest in local economic development in Canada:

- persistent regional disparities in the socio-economic health of communities, often despite substantial assistance programs in many peripheral areas since the 1960s
- a perception that these largely top-down efforts have fallen far short of intended objectives
- a general concern for the problems created by the deficits of senior governments

- the increasing realization that financial assistance alone is inadequate to solve the problems, but that it must be integrated with things like human resource development and efforts to modify attitudes (p. 3)

The New Economy Group (1993) described *community economic development* as a "distinct form of economic development operating at the local level. It can be defined as a broad development approach which integrates social and economic development objectives for a community or marginalized groups" (p. 2). The Atlantic Provinces Economic Council (1993) stated that the aim of CED is "to influence and transform socio-economic activities to improve the quality of life and well-being both of the community and its residents" (p. iv). MacNeil and Williams (1995) put forth that it "is not about building business--it is about building a *new economy* in a disadvantaged community which lacks planning and decision-making capabilities, access to capital and infrastructural services, and positive linkages with the wider economic environment" (p. 3). They stressed that

> CED involves more than just the creation of new businesses or jobs. In its broadest sense, CED is about creating new economies in situations where the dominant economy consistently fails to meet the needs of the community, or where it has retreated from the area, leaving the community without the means to organize itself, to utilize its human and material resources and to access needed goods and services (p. 21).

MacNeil and William identified seven core goals for CED activities and projects:

- *social stabilization* or *adjustment* in a declining economy, and adjustment to long-term job and income losses
- *integration of marginalized social groups* vis à vis a surrounding economy that may or may not be healthy
- *economic stabilization or renewal*--the creation of new enterprises and employment opportunities to replace failing enterprises

- *creation of economic infrastructure*--the building up of support services and resources for local development that are responsive to local needs and priorities
- *transition to the New Economy*--bottom-up approaches to economic restructuring and modernization, with an orientation towards external markets and "state of the art" competitive strategies
- *community empowerment* vis à vis the development and use of the available material and human resources, the distribution or investment of economic surpluses, development of problem-solving capabilities and of effective leadership skills
- *building an alternative economy* based on lifestyle choices and strong community identity (p. 26)

Terluin and Post (1998) observed that their leading case study regions tended to be characterized by democratic, bottom-up development processes which involved a wide range of local actors supported by encouragement and technical and organizational assistance from the top in the initial stages. They felt that "bottom-up processes are unlikely to emerge and succeed without local or regional populations and administrations being prepared to face their situation and prospects in the broader national and international context. This intention depends upon the capacity of local actors and on networks in which they are involved" (p. 11). They observed that in most of the leading case study regions the capacity of local actors was better developed than in the lagging case study regions.

Based on its research, the Atlantic Provinces Economic Council (1993) noted the following policy implications:

> First, for government support to be the most efficient in the long run, an orientation toward *concrete results* in CED must be balanced with a recognition of the economic and social value of the *process* of CED. Second, whether from a strong process or from *spontaneous community activity*, many social or "soft"

> development projects can in turn stabilize or strengthen the economic attractiveness of the community, as well as the local participation, and therefore merit government support (p. v).

The economic zone process in Newfoundland and Labrador (described in Chapter 1) is consistent with this community economic development approach. A noteworthy constituent of that process is the support provided by the federal and provincial governments. As noted by Coombs and Ahmed (1974)

> The most fundamental reason why greater decentralization is important--why a greater measure of local initiative, planning and decision making should not only be tolerated by central government but also positively encouraged--is that, in our view, this is the *only* way to unleash the enormous latent resources, human energies and enthusiasm that are the absolute essentials for effective rural development (p. 237).

## *Human Capital Development Themes*

This notion of unleashing human energies and latent resources brought me to the second concept I felt I needed to explore in preparation for my research--human capital development. According to Aseta and Huang (1994) *human capital development* "involves a process of investment that enhances human labour productivity by means of advances in knowledge and its applications. It specifically involves investment expenditures on education, training, health, nutrition, and related factors that increase the productivity of the labour force" (p. 1). Ashton and Green (1996) stated that human capital theory amounts to the "proposition that education or training can be regarded as investments with future material pay-offs, analogously to investments in physical capital....Human capital theory proposes an unproblematic link between the stock of skills and the outputs of a productive system" (p. 14). I was struck, as I read this kind of definition, that this theory had a very different focus from the regional and community economic development theories in which I had

immersed myself for a time. Human capital development theory is about development of *people* as a route to economic development, but there is no mention of *place* as part of this concept.

## Role of Education and Training in Economic Development

The Ashton and Green quote I used in opening this chapter indicated that education and training systems are often seen as key items in developing an economy. Korsgaard (1997) stated that education and training are "of overwhelming importance for the individual nation to persevere in the climate of international competition that has intensified as a result of the different free-trade agreements" (p. 18) and the Canadian Labour Market and Productivity Centre (1991) advised that

> Education and training[7] has emerged as a key issue, indeed some argue the key issue, in the economic restructuring debate. It is increasingly recognized that a well-trained and educated workforce is an essential prerequisite for a healthy economy. The current economic environment, characterized by intense global competition and massive economic restructuring, puts an increasing premium on the ability of firms and workers to adapt quickly to change (p. 20).

Carnevale (1992) described an accelerating economic trend which underpins this assumption, the "rationalization" of the world economy, a process by which "high-skilled, high-technology-intensive production concentrates in developed countries and, correspondingly, lesser skilled, technology-poor production concentrates in lesser-developed nations. It is the sorting out of national competitive advantage in the world economy" (p. 53).

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[7] As a small tangent, I recognize that there is a considerable body of literature which distinguishes between "education" and "training." However, I felt it unnecessary to cover this debate in this literature review, because I consider them to be part of the full spectrum that falls under the broad rubric of human capital development and, as Dearden (1991) noted, "sometimes education is explicitly contrasted with training....More usually the shift is effected by running together education and training as if they were as inseparable as fish and chips, or bacon and eggs" (p. 84).

Rogers (1993) noted similar assumptions about literacy: "a major assumption among many development specialists is that literacy is a key component in economic development....This argument posits the need for literate individuals to accomplish economic tasks in an increasingly complex world" (p. 165). Fairley (1996) echoed the same expectation regarding vocational education and training: that it is increasingly recognized as "central to economic development. The availability of a well educated labour force is considered key to economic development whether this is achieved through the growth of indigenous companies or the attraction of inward investment" (p. 50). Rubenson (1987) also described education as "the solution to the unemployment problem," noting that it is "through education that Canada--like the rest of the world--is going to be able to compete in the world markets in a time of rapid technological restructuring." However, he questioned "to what extent and under what conditions can education and especially adult education be part of an answer to today's economic crisis" (p. 77).

The following type of evidence is often used to exemplify the relationship between education and economic development: "the performance of the Canadian economy in the eighties demonstrated our inability to use our rich physical and human resources to their potential. High unemployment rates coexisted with skilled labour shortages, and the country suffered from mediocre productivity growth, a limited capacity to compete in high technology products, and stagnant real wage growth" (Canadian Labour Market and Productivity Centre, 1990, p. 21). According to Aseta and Huang (1994), "empirical studies of economic growth...have shown that human capital investment has made a significant contribution to the economic growth of industrial nations such as the United States" (p. 1).

Rogers (1992) depicted human resource development (HRD) as a major approach to development as follows: traditional skills and attitudes ➜ HRD ➜ economic growth. He pointed out that "some people see HRD as an end in itself, releasing human potential, developing individual self-reliance; but most see it as a means to an end, i.e. prosperity" (p. 95). However, he also maintained that "despite many statements to the contrary, there are few signs that adult education except in relatively rare individual cases leads to real economic gain for the community or the nation (Rogers, 1993, p. 165). Terluin and Post (1998) observed that "for quite a number of socio-economic indicators hardly any differences have been found between leading and lagging rural regions...[including] education level of the population" (p. 7,9).

Bollman (1998) suggested that "investing in skills, human capacity and entrepreneurship is a necessary, although not sufficient, condition for generating development in a locale." He also noted that "public sector downsizing has tended to view the development of human capacity as an expenditure to be minimized, rather than as an investment to be optimized," and made the point that "many rural citizens observe that metropolitan areas benefit more from the rural investment (due to the out-migration of educated youth) than does the rural community." Keep and Mayhew (1991) similarly concluded that "better training may not be a sufficient condition for economic success, but it is certainly a necessary one." They observed that "careless empirical research might either overlook, or in contrast, overemphasize, lack of training as against other explanations of poor economic performance" because "training provision is part of a complex of factors" (p. 198).

This notion of education as a linked factor in a broader approach arose in many forms in the literature I reviewed. MacNeil and Williams (1995), in discussing the HRD component of the CED approach,

described a "combination of human resource planning, life skills training, job readiness and skills training, client advocacy, outreach to community businesses and institutions to create opportunities for job experience and job placement, and self-employment training and support" (p. 7). Fairley (1996) described a complex vocational education and training strategy in Scotland with several dimensions focusing on:

> The individual trainee, to offer choice and equality of opportunity; the enterprise, to ensure that training is relevant and systematic; the local area, to ensure that all needs are addressed; the industry sector, to ensure that its needs are met alongside those of localities; and the Scottish economy, to ensure that the other elements are addressed to promote competitiveness and to ensure that "Scotland is up with the best in Europe" (p. 50).

McRobie (1994) felt that "adult education has a pivotal role in mobilizing the resources, human and material, required to regenerate local communities and make them, collectively, a genuine alternative to the irresponsible forces of the global economy and the dangers of free trade" (p. 21). In fact, he assigned adult education a major role in "every step towards the creation of self-reliant, sustainable communities" (p. 21). As Rogers (1992) stressed, "adult educators have insights and experience which will enable them, in association with the local community, to help write the Development agenda" (p. 74).

However, literacy development and further education will not automatically lead, through the development of individuals, to the development of their communities. In fact, in economically depressed regions, educational "success" often means leaving the region. Todaro (1997) noted that "education also plays a powerful role in the growing problem of the international migration of high-level educated workers--the so-called brain drain--from poor to rich countries" (p. 398). Depressed areas such as Newfoundland, Appalachian United States,

and Ireland (before its recent economic revival) have exported hundreds of thousands of graduates, well educated in sectors that were underdeveloped in their home communities. Bingman and White (1994) pointed out that in Appalachia "education as practised in mountain schools has often been education for getting out, not education for staying and confronting the problems of the region" (p. 284). Yet, as Merrifield et al (1994) stated,

> Educators do not think much about education as the 'ticket out,' and the resulting decimation of rural communities. Our assumptions have been that education is an intrinsic good, always valuable. In these changing times we need to reassess the value of education and refocus on building communities, not just individuals. We need to create education programs in which people gain the skills and sense of efficacy to become involved in their community's development (p. 299).

Portwood (1992) stressed that "a little-explored area is that of how to resource unemployed people on collective basis. Unemployment is often socially-clustered and communities as well as individuals suffer," (p. 175). Shuttleworth (1992) noted that continuing education could be used to provide a community development process which

> Would involve local residents in identifying their own needs and helping to mobilize educational resources to respond to these conditions. Another important issue is the sense of powerlessness which many unemployed, impoverished people feel concerning their future. It is obvious that feelings of social and psychological well-being must be part of any continuing education strategy to serve the unemployed (p. 182).

**Employability versus Employment**

Much of the literature I reviewed, reflected in some of the quotations I used above, spoke of human capital development in terms of the improved knowledge and skills, the enhanced capacity of individuals to take up opportunities. Murray's (1995) survey led him to the view that

> Literacy is strongly correlated with life chances and use of opportunities. While the processes that lead to this result are certainly complex, there can be no doubt about its importance to employment stability, the incidence of unemployment, and

> income. Moreover, in most countries the structural adjustment that is reducing the economic prospects of adults with low literacy skills is far from complete. Therefore, those with low literacy levels will have even fewer opportunities in the future (p. 116).

This quotation introduces a second important concept: that, to have the desired impact, human capital development requires not only that the employability of people be increased through education and training, but also that the individuals so improved must be employed. Focusing on the employability alone will not necessarily yield the results desired, as is evidenced by the Elliot Lake experience described by Wilkinson, Robinson and Leadbeater (1996). In tracking displaced miners, they found that "training funded by extended EI benefits didn't seem to help very many workers get jobs quicker." The second component must be factored in, as Bartik (1991) advised:

> Policy makers should give renewed attention to dealing with structural unemployment through labour demand as well as supply policies. In the 1980s, policy makers stressed job training and education as the way to deal with the employment problems of the poor. We might want to give renewed consideration to wage subsidies, public service employment, and other policies that attempt to increase the demand for the labour (p. 208).

This advice points toward a more integrated economic development strategy in which education and training are linked into broader economic strategy, as described by Ashton and Green (1996):

> State economic policy....competitive tax breaks, low-wage policies to attract foreign capital, protectionism for domestic industry....and now to an important extent, education and training policy is becoming an aspect of economic policy. States aim to compete, as far as they can, in making available an attractive workforce for international capital. Promotion of a highly skilled workforce becomes a possible, though not universal, strategy. Promotion of an amenable literate workforce is often as important depending on the type of capital the state is hoping to attract (p. 40).

These authors stressed that "if the Western nations are to enhance their rate of growth, then measures must be taken to create a closer

set of linkages between their trade and industry policies and the main components of their education and training systems" (p. 186). However, this type of approach has not necessarily been the practice in the past, as Coombs and Ahmed (1997) observed in their study:

> The great majority of rural programs observed by the study--both educational and noneducational--were obviously founded on very narrow perceptions of rural development and the role of education, as seen through the lens of one or another specialty. These limited specialized views, more than anything else, explain the piecemeal approach that has so generally been made to rural development by various agencies, national and international, and the wasteful fragmentation that has resulted (p. 232).

Perhaps forging appropriate links is made more difficult because the relationship between education, training and employment is somewhat a "chicken and egg" dilemma. In 1979 the Organization for Economic Cooperation and Development (OECD) reported that rapid economical growth in Germany and Holland, even though dependent on high technology, had gone forward with little change to the educational structure (which was, however, already well advanced and sophisticated). Portwood (1992) questioned "what is the nature, shape, style, and outcomes of the relationship between continuing education and unemployment? Early evidence suggests that continuing education is being affected more extensively and radically by unemployment than the other way round" (p. 168). Carnevale (1992) also felt that "in the short term, education doesn't create jobs but jobs create the need for specific kinds of education" (p. 55).

In any case, Portwood (1992) warned "the reality of the limitations of the labour market could render much of this education futile. Indeed, the prevalence of part-time, temporary, and low-paid job vacancies could mean that students become over-educated and suffer frustration as a result....Thus the claim of colleges to enhance 'employability' may hinge on the problem of employment for what?" (p. 174). As Dearden

(1991) noted, "the connection between training and a typical situation means that the investment of time and resources in training gives hostages to fortune, since what was trained for may not come about, or not in the way that was expected" (p. 87).

**Return on Investment**

This failure to connect employability with employment was one of the red flags which had initially caught my attention related to NCARP and TAGS training, and it prompted me to explore the economics of education concept of *return on investment*.

> The concept of human capital refers to the fact that human beings invest in themselves, by means of education, training, or other activities, which raises their future income by increasing their lifetime earnings. Economists use the term "investment" to refer to expenditure on assets which will produce income in the future....The profitability, or rate of return on investment, is a measure of the expected yield of the investment, in terms of future benefits, or income stream generated by the capital, compared with the cost of acquiring the capital asset (Woodhall, 1991, pp.27-28).

Sweetland (1996) described two perspectives considered in the "returns-to-education" approach, the personal returns to individuals and the returns to national productivity, the latter also known as the social rate of return. The personal profit orientation "considers differences in lifetime earnings as evidence of personal financial gain relative to investments in education" whereas the national productivity orientation considers differences in lifetime earnings relative to educational attainment as an indicator of how investments in education affect national productivity" (p. 353). As Psacharopoulos (1994) noted, from the social view point "there would clearly be a problem if public resources were used to finance a level or type of education that has a social rate of return below the opportunity cost of capital, or if the extra social resources invested in someone's "surplus schooling" does not have a productivity counterpart" (p. 1334).

The assumption of increased productivity as a consequence of education and training is a controversial issue within the economics of education field (Psacharopoulos, 1994). Leigh (1990) maintained that "there is no clear evidence that either classroom or on-the-job training has a significant net impact on employment or earnings" (p. v). Woodhall (1991) pointed out that attempts to measure the rate of return to investment in education have been "attacked by critics who argue that education does not increase the productivity capacity of workers but simply acts as a 'screening device' which enables employers to identify individuals with higher innate ability or personal characteristics which make them more productive" (p. 28). Although in his review of global returns to investment in education Psacharopoulos (1994) found that "primary education continues to be the number one investment priority in developing countries [but] the returns decline by the level of schooling and the country's per capita income" (p. 1325), he pointed out that "the crux of the matter is that the undisputable and universal positive correlation between education and earnings can be interpreted in many different ways" (p. 1330).

One of those interpretations is, of course, the assumption I have already documented, that education will lead to economic growth. Some powerful consequences to educators accrue from that assumption, as explained by Sweetland (1996):

> The theory of human capital as applied to education has parallelled a powerful paradigm created by the general public: Pursuit of education leads to individual and national economic growth....All too often, public opinion swells to exaggerate the economic purpose of education, especially during sustained periods of economic downturn, to unfairly scrutinize educators, the educational system, and educational policies on bases of economic rather than educational importance (p. 356).

At that point, as White (1991) noted, "education, regarded as an investment, meets the criterion of efficiency if it yields as good a long-term return to individuals and to society as other investments" (p. 2).

However, as Sweetland (1996) pointed out, in times of economic decline

> The public conception of education as an economic investment can become devastating. Then, in addition to budget shortfalls caused by a declining tax base, educators and education policymakers must address public charges that investments in education are not paying off. Why is there unemployment among the educated? How can there be a decline in the standard of living when there are increased levels of educational attainment? How can education be used to guarantee economic growth? Although they are unaccustomed to answering these economic questions, educators are often held accountable to them by the public perception that education has an economic purpose (p. 356).

This also contributes to "a general renewed interest by governments in human capital indicators... associated with the need to demonstrate that investment in human resource development can pay off" (Murray, 1995, p. 117).

## *Accountability Themes*

The need to demonstrate that investment in human resource development can pay off was another of my initial concerns regarding the training supported through NCARP and TAGS. It was the basis for my exploration of literature relating to accountability. As a public servant, I was no stranger to the notion of being accountable for expenditure of public funding. I had experienced first hand what Chelimsky and Shadish (1997) described in saying that "...parsimony in public life and a need for evaluation to justify past expenditures to parliaments, donors and taxpayers have become common characteristics of the new public management discourse" (p 5).

This phenomenon is widespread. In Chapter 1, I defined *accountability* as the obligation to explain how a responsibility for an assigned mandate has been discharged. Livengood (1993) described how the

> Sponsors of economic development programs are being called upon increasingly to account for the effects, or impacts, of their programs. Fuelled by difficult economic conditions, reduced public budgets and resistance to public spending, these demands for accountability require economic development organizations to prove their worth and to demonstrate what they have accomplished, not just how hard they have tried (p. 10).

Mawhood (1997) noted that in the UK "the increasingly commercial focus of government has been driven by the need for improved efficiency and a desire to reduce the size of the public sector" (p. 135). Gaventa, Morrissey, and Edwards (1995) and Hatry (1997) noted recent trends toward results-based accountability in government programs in the United States, Australia, New Zealand, and Great Britain.

**Results-Based Accountability**

Montague (1997) outlined the following contributing factors to the strong current emphasis on performance measurement in Canadian government:

- Parliamentary reform initiatives in the "Westminister Parliaments" (United Kingdom, Australia, New Zealand, Canada) have provided accrual accounting and management freedoms in exchange for demonstrations of performance (Canada is the last to make these changes).
- The United States has passed the Government Performance Review Act. The intention is to build on the lessons learned in US local governments by applying performance measures to federal programming. The drive here is to improve accountability through legislated performance reporting.
- The private sector had undergone a strong recent emphasis on developing a "balanced scorecard". The balanced scorecard proposes that organizations need a variety of measures to show how an organization is doing in a whole set of areas like

customer satisfaction and innovation besides financial indicators (p. 1).

Montague observed that Canadian federal, provincial, and regional governments have picked up these notions of reform, accountability, and the balanced scorecard to varying degrees. In fact, the President of the Canadian Treasury Board (1996) reported that a recent study found that "accountability for measured results and effectiveness was considered to be the most popular item for improving governance (73 percent of the Canadian public surveyed). This supports the government strategy to improve accountability through three steps: identifying expected results, improving measurement and improving reporting" (p. 1). In 1995 this results-oriented strategy had been initiated by implementing a departmental "business planning" process, the central feature of which was to emphasize "serving Canadians by clearly communicating key expected results. This is one way to shift management incentives and culture away from process towards what Canadians are actually getting for their tax dollars" (President of the Treasury Board, 1996, p. 7). All Canadian federal departments and agencies have been required to present "Performance Reports" to Parliament since 1997 (Landry, 1997). The provincial government of Newfoundland and Labrador adopted a similar business planning process last year.

The notion of accountability is by no means a new one. Desautels (1997) noted that, "in 1977, the year that the Auditor General Act went into effect, the Canadian federal government issued a policy requiring all departments and agencies to establish an evaluation function and to evaluate systematically the efficiency and effectiveness of their programs and activities" (p. 75). However, as Hatry (1997) observed, in general "the concept of government accountability in past decades had focused on accountability for complying with laws, including the

proper use of funds so that public resources are used for legal purposes" (p. 39). The system was more geared toward *financial accountability* by documenting for auditing purposes how funds were spent (Plantz, Greenway and Hendricks, 1997). In 1979 the Comptroller General of Canada sought to clarify the difference between internal audit and program evaluation by stating that *program evaluation* was the periodic, independent and objective review and assessment of a program to determine the adequacy of its objectives, its design and its results (both intended and unintended). "Evaluation will call into question the very existence of the program, its impact on the public, and its cost effectiveness as compared with alternative means of program delivery." On the other hand, *internal audit* was defined as the systematic, independent review and appraisal of all departmental operations, including administrative activities, for purposes of advising management as to the efficiency, economy and effectiveness of the internal management practices and controls. "Therefore program evaluation differs from internal audit in its subject matter: program systems and management controls (for internal audit) as opposed to program structure and results (for program evaluation)."

In practice, however, boundaries between the two have melted away. As Desautels (the Canadian Auditor General) stressed in 1997

> Value-for-money (or VFM) audit work...has a significant influence on what we do....In auditing, as well as in management, it has become clear that it is more cost-effective to put greater emphasis on results. Therefore, we now carry out results-based audits wherever possible. The change in our emphasis from process- to results-based auditing is important. We no longer look at evaluations just as one important element of management and control. Instead, we are much more concerned with what evaluations show about the value for money being achieved by the programs we are auditing" (pp. 73-74).

Indeed, Chelimsky and Shadish (1997) described Canada as a pioneer in formalizing evaluation as a function of government, with remarkable

provision of the infrastructure for its conduct and routinization of its practice (p. 69).

This movement toward "results-based accountability" and "performance measurement" is now widespread. In 1993, Osborne and Gaebler observed that traditional bureaucratic governments had focused too much on inputs rather than outcomes, and noted that because they did not measure results, bureaucratic governments rarely achieved them. However, they noted that, stemming from taxpayer frustration, "words like *accountability*, *performance*, and *results* have begun to ring through the halls of government" (p. 141). In 1995, Gaventa, Morrissey, and Edwards reported "a significant shift in policy and program evaluation towards results-based accountability, which many now view as an essential route toward improving results in community-based initiatives. Accountabilty is established when public dollars spent in such initiatives produce valuable outcomes" (p. 31). As Newcomer (1997) noted, "assessment of service delivery at the local level of government is not new, but linking the measures, or indicators, to program mission; setting performance targets; and regularly reporting on the achievement of target levels of performance are new features in the performance measurement sweeping across the public and nonprofit sectors in the United States" (p. 5). Mawhood (1997) described similar shifts in the "new public management" in the United Kingdom.

Newcomer (1997) used the label *performance measurement* to refer to "the many efforts undertaken within governments and in the nonprofit sector to meet the new demand for documentation of results" (p. 5), defining it as "the routine measurement of program inputs, outputs and outcomes" (p. 7). She stressed that "the intended outcomes of the programs are what should be monitored" (p. 5). According to the Panel on Accountability and Governance in the Voluntary Sector

(1998) "outcome measurement shifts the focus from activities to results, from how a program operates to the good it accomplishes." This Panel defined *outcomes* as the "benefits or changes for participants during or after their involvement in a program," differentiating them from program *outputs* "which are the number of clients served or number of units of service provided" (p. 26). Plantz, Greenway and Hendricks (1997) described outputs as measures of what the program funds generated (p. 16), noting that "outputs are about the *program*, whereas outcomes are about the *participants*. Outcomes are usually benefits or changes in participants' knowledge, attitude, values, skills, behaviours, condition, or status" (p. 17). Landry (1997) felt that although evaluations have been performed for several decades, they never reached their full potential because they were focused on outputs and process rather than on results and benefits achieved.

**Program Evaluation**

Newcomer (1997) explored the relationship between performance measurement and program evaluation. She used *program evaluation* as an inclusive term to refer to the "systematic description and judgement of programs and, to the extent feasible, systematic assessment of the extent to which they have the intended results. Evaluation efforts may focus on program inputs, operations, or results" (p. 9). She explained that "evaluators can and often do address challenging 'why' and 'how' questions with program evaluation methods....Performance measurement typically captures quantitative indicators that tell what is occurring with regard to program output and perhaps outcomes but, in itself, will not address the how and why questions" (p. 10).

Gaventa, Morrissey and Edwards (1995) gave three reasons why evaluation of public services and programs is crucial: "to determine whether or not the interventions are actually improving the lives of people they are intended to help, to provide information on whether a program is worth the public investment, and to provide information about how best to implement a program" (p. 17). They categorized evaluations as either *process* or *outcome* evaluations.

> Process evaluations describe program activities and their relation to program goals and objectives. Outcome evaluations attempt to determine the program's effectiveness or outcomes....Process evaluation is useful for answering...what services were provided and who received them....Outcome evaluations are designed to answer the question of whether the hoped-for changes occurred (p. 18).

Newcomer (1997) used another term, *formative evaluation,* rather than process evaluation, to encompass the collection of data about the extent or nature of program implementation. She used *summative evaluation*, rather than outcome evaluation, to cover collecting data to assess whether or not the program has the intended impact (p. 8).

Hatry (1997) stressed that "ultimately, the major purpose of regular outcome measurement should be to focus government personnel at all levels (from first-line employees to the chief executive and legislators) on the continual attempt to improve results" (p. 40). Mawhood (1997) noted that "in the United Kingdom it is generally accepted that the three Es--economy, efficiency, and effectiveness--are the initial criteria against which performance may be judged" (p. 140). According to the Government Centre for Information Systems (1995), efficiency is "a comparison of output with the input required to produce it," (p. 25) and effectiveness has been described as a "measure of the extent to which objectives have been achieved, expressed as the ratio of actual output to planned output" (p 33). However, as Chelimsky and Shadish (1997) pointed out, looking only at achieving stated objectives (goal-

attainment questions) can result in "even better performance of the wrong tasks" (p. 70).

Chelimsky and Shadish (1997) stressed that "evaluation--not only for the purposes of accountability and good management, but also for knowledge building and sharing, for institutional learning and development, for governmental and democratic reform through the serious examination of public policy--has become a precious and unique tool as we prepare to deal with the new socioeconomic, political, and infrastructure needs of the next century" (p. 6). Yet, as Hatry (1997) cautioned, "thus far, performance measurement has been primarily used to respond to requirements imposed by the legislative body or officials of the executive branch. Evidence of use of outcome data to improve programs is still lacking in most cases" (p. 40). Unfortunately, as Desautels (1997) lamented, "in too many cases, we are still finding that no information--or no useful information--on results is available" (p. 74). Cook (1997) observed also that "information is rarely used in government as the sole or major input into decisions. Decisions accrete and are not made" (p. 46).

The President of the Treasury Board (1996) recognized that "the challenge now is to better link existing indicators and other quantitative information to the key results commitments of the government" (p. 2). The Panel on Accountability and Governance in the Voluntary Sector (1998) stressed that "outcome measurement and social auditing are the way of the future....Social auditing...is generally considered to include some means of accounting for social results of public expenditures" (p. 26). This notion figures significantly, as well, in the monitoring action outline in the Strategic Social Plan (Government of Newfoundland and Labrador, 1998).

Osborne and Gaebler (1993, p. 141) noted that there are concrete examples of new ways to measure and reward outcomes. They described the United States Job Training Partnership Act which created a system that operates almost entirely on performance contracts: training vendors are paid according to how many people they place in jobs--not how many people they enroll in training. As well, they noted, at least nine states had tied their support for vocational education to job placement rates. In Arkansas and Florida, for instance, an adult program that repeatedly failed to place 70 percent of its graduates in jobs lost its state funding.

These authors surmised that "organizations that measure the results of their work--even if they do not link funding or rewards to those results--find that the information transforms them" (p. 146). As Mawhood (1997) concluded: "performance measures are not neutral in their behavioural impacts. As soon as something becomes the subject of measurement, it is likely to change its form" (p. 140).

> The simple act of defining measures is extremely enlightening to many organizations. Typically, public agencies are not entirely clear about their goals, or are in fact aiming at the wrong goals. When they have to define the outcomes they want and the appropriate benchmarks to measure those outcomes, this confusion is forced into the open. People begin to ask the right questions, to redefine the problem they are trying to solve, and to diagnose that problem anew (Osborne and Gaebler, 1993, p. 147).

## Evaluation Models

Asking the right questions, redefining the problem, and diagnosing the problem anew are the types of activity that many residents of "problem regions" now find themselves engaged in, especially those who are actively participating in community economic development processes. However, as Kline (1994) noted,

> Even if people choose appropriate pathways towards a more sustainable community, they often forget to include adequate

> evaluation and feedback as part of the process. Without such tools, it is difficult to know how far people have progressed, what are the next steps, and what adjustments are useful to consider and adopt. Evaluation is also an important way to motivate people to continue and expand their contributions. Most people like to feel a sense of accomplishment as well as a clear sense of direction (p. 3).

Gaventa, Morrissey, and Edwards (1995) stressed that "accountability in both outcomes and process can be improved by involving stakeholders in program planning, implementation and evaluation (p. 35). Fetterman, Kaftarian, and Wandersman (1996) developed an "empowerment evaluation" model which is highly compatible with the philosophy of CED. They define *empowerment evaluation* as "the use of evaluation concepts, techniques, and findings to foster improvement and self-determination....The focus is on programs. It is attentive to empowering processes and outcomes" (p. 4). They stressed that empowerment evaluation is unambiguously designed "to help people help themselves and improve their programs." It is a collaborative group activity which relies upon the program participants doing self evaluation and reflection. The process is democratic, involving participants in examining issues of concern to the entire community in an open forum.

> Self-determination, defined as the ability to chart one's own course in life, forms the theoretical foundation of empowerment evaluation. It consists of numerous interconnected capabilities, such as the ability to identify and express needs, establish goals or expectations and plan of action to achieve them, identify resources, make rational choices from various alternative courses of action, take appropriate steps to pursue objectives, evaluate short- and long-term results (including reassessing plans and expectations and taking necessary detours), and persist in the pursuit of those goals (p. 8).

Montague (1997) felt that identification and use of performance measures provides a unique challenge and opportunity for evaluators--"to ensure that they are meaningful for telling a performance story to all

concerned" (p. 1). She put forth a framework in the form of the "logic model" below to clarify performance management.




**Figure 2: Performance Framework**
*Source: Montague (1997, p. 2)*

The model proposed by Fetterman, Kaftarian, and Wandersman (1996) follows a similar logic. The process outlined by these authors comprises four main steps: (a) taking stock to determine where the program stands; (b) establishing goals to identify future direction, with an explicit emphasis on program improvement; (c) developing strategies to accomplish goals and objectives; and (d) determining the type of evidence required to document progress toward the goals (p. 18). The first step, "taking stock," involves "the creation of a baseline from which future progress can be measured" (p. 19). As MacNeil and Williams (1995) advocated, efforts to measure the success or failure of projects in particular communities should take into account external influences or "exogenous variables that may influence, if not determine, the ultimate outcomes of the CED project or programme.... the extent to which CED projects and strategies are able to anticipate and cope with continuing changes in the economic climate may be, in and of itself, an important measure of effectiveness" (p. 15).

The second step involves "setting goals" which should be "realistic, taking into consideration such factors as initial conditions, motivation, resources, and program dynamics; related to the program's activities, talents, resources, and scope of capability; create a clear chain of outcomes" (p. 19). Livengood (1993) also stressed the importance of

establishing a unified design for evaluating the economic impact of economic development programs, based upon definitions of "areas of impact" (p. 16). Gaventa, Morrissey and Edwards (1995) described an open community process for determining residents' "vision" of a possible and preferred future and for developing "benchmarks," which are measurable standards to measure desired outcomes. These would then be the basis for developing "indicators," the means for establishing what conditions will signal successful achievement of benchmarks. They noted, also, that this process of visioning and developing benchmarks and indicators could set the stage for changing the way governments allocate resources for public and social services and infrastructure (p. 36).

The third step is then to "develop strategies" to accomplish the program goals thus identified. Developing strategies is usually the stage where most communities are inclined to leap, unfortunately not always with the benefit of identifying goals or indicators of success. Fetterman, Kaftarian, and Wandersman observed that communities commonly experience initial difficulties in formulating evaluation questions and translating concepts into project-specific indices and evaluation activities. However, they noted that

> Social change theorists and social change activists among others have long recognized the importance of community ownership and stakeholder involvement in activities directed at change in communities....The value of citizen participation and community collaboration in terms of enhancing the success of interventions and psychological outcomes as well as general satisfaction and quality of life for participants has been clearly documented (p. 260).

The fourth step requires documenting evidence to monitor progress toward goals. Given the types of activity frequently encompassed in CED, MacNeil and Williams (1995) proposed a potential evaluation framework built upon seven basic variables for assessing the impact of CED policies, programmes and structures on a given community:

- new business start-ups
- jobs created
- social and cultural improvements
- availability of capital and credit
- availability of education, training and informal adult learning opportunities
- availability of professional support services
- efficacy of government policies and programmes (p. 27)

They raised the following analytic issues associated with education, training and informal adult learning: Does the community have access to the broad range of educational and training resources needed to support local economic development? Are there effective informal learning opportunities to help community members come to grips with local social and economic problems, and to encourage vision and community cohesiveness? Are the established education and training institutions making an effective contribution to local economic development? Are they sufficiently responsive to community needs and aspirations? Are education, training and informal learning activities generated by CED agencies and projects contributing significantly to human resource development as a pre-requisite for local economic development? (p. 30).

Gaventa, Morrissey and Edwards (1995) advocated a process of "triangulation" to link differing kinds of evidence to each other "in order to strengthen research validity and to increase our ability to determine whether the observed results were caused by the program or by other factors" (p. vii). They proposed the following types of data-gathering activities: community-based field work and case studies; results-oriented surveys, compilation of national reporting data, development of appropriate outcome measures. They also noted that

> Most leading evaluation scholars now recommend using both quantitative and qualitative data....Quantitative methods tend to

> be used more often to provide a standardized framework for measuring impacts evident in the long term. They are useful to provide information about the frequency, scope and persistence of the problem. Qualitative methods tend to be used more for program monitoring and are particularly useful to explicate the factors that are responsible for a satisfactory or unsatisfactory impact--whether in the program's design, context or implementation (p. 26).

## *A Case for Research*

Ashton and Green (1996) wrote of their dissatisfaction with both the theory and the evidence which currently underpins the consensus viewpoint of the link between modern education and training systems and modern capitalist economies. They felt that "there remain enormous gaps in the knowledge of the magnitude of any links between skill formation and economic performance" (p. 2) even though there is "a key unanswered assumption: that a widely and highly skilled labour force, with high-value-added production process, is a necessary ingredient of economic success in the modern era" (p. 33). These authors hypothesized the existence of several other factors which determine economic success and stressed that the importance of education and training should not be "exaggerated into becoming the sole key to prosperity, or the scapegoat for economic decline" (p. 39).

Sweetland (1996) recommended that, with a complete understanding of the foundations of human capital theory,

> Educators and educational policymakers can formulate their own evaluations of human capital studies from diverse disciplines and specializations such as economics, sociology, psychology, political science, human development, and business to address public concerns that are based on economic trends and cycles, design educational programs that contribute to economic growth without compromising educative purpose, and, perhaps to clearly define the economic component of education (p. 357).

However, Mawhood (1997) spoke of the difficulty in finding satisfactory measures to assess policy, reflecting that the "relationships among inputs, outputs, and outcomes are not necessarily clear" (p. 140). Ashton and Green (1996) observed that "while economists, educationalists, historians, political scientists, psychologists and sociologists have all contributed many insights to the role of education and training in a modern society, it is comparatively rare for these insights to be woven together" (p. 8). They criticized human capital theory for treating the education and training process as a "black box", in which skills are produced. "What goes on inside that box is the educationalist's, not the economist's, business" (Ashton & Green, 1996, p. 18). On the other hand Healey and Ilbery (1990) concluded that "it is possible to understand the nature of an economic system only within the context of its specific social setting, both spatially and temporally" ( p. 173). Little wonder that Gaventa, Morrissey and Edwards (1995) would remark "although the field of program evaluation is well developed, there is little agreement about how comprehensive community initiatives should be evaluated" (p. 19).

However, being at heart an adult educator, I connected most closely with their position that "actual changes in people's lives are the primary outcomes of interest in human services (p. 37). They stressed that the "critical reference group" in evaluating an activity is the people it is for, and the evaluation should be conducted from their perspective. "All research techniques should attempt to get as close to people's own realities as possible, including knowing the context of their responses. People's perceptions or 'stories' are one excellent source of this information" (Gaventa, Morrissey, and Edwards, 1995, p. 43).

All of these concerns, then, became grist for the mill as I tried to process the literature I had reviewed and design a study to evaluate

the impact of some human capital development interventions upon the lives of a group of unemployed workers in rural Newfoundland.

# CHAPTER 3
# METHODOLOGY

Gaining an understanding of the "actual changes" that had occurred in people's lives by hearing their perceptions and stories was my greatest concern in designing this research project. As I explained in Chapter 1, I had gathered plenty of information on the standard statistical economic indicators, and I could begin to sketch an image from them. I was now concerned to build a more "complex, holistic picture, formed with words, reporting detailed views of informants, and conducted in a natural setting" (Creswell, 1994, p. 1). I wanted to know what people who were directly involved with NCARP and TAGS thought had happened as a consequence of training, both to the displaced fisheries workers and the economy of their communities, and I wondered what role they would assign to education and training in achieving their aspirations for themselves and their communities in the future. I needed to figure out the most appropriate methods and instruments to enrich the details in that picture and fill in some of the gaps I knew to exist in our understanding of the links between skill formation and economic performance. I was also concerned to get a sense of how accountability for public expenditure on training could be enhanced through evaluation.

As I mentioned at the end of the previous chapter, Ashton and Green (1996) proposed the existence of "several other factors which determine economic success" besides education and training. Having done my literature review, I was inclined to agree. *My emerging hypothesis was that the relationship between them is not a linear, cause-and-effect one, but rather a synergistic relationship, dependent upon the "configuration of conditions" involved* (Ragin, 1981, p. 110).

## *Choosing the Methodology*

### Theoretical Underpinnings

Ragin (1987) pointed out that "the identification and interpretation of these causal configurations (or causal complexes) allows the investigator to delineate the different empirical processes and causal mechanisms relevant to a specific outcome" (p. 26). The first challenge, then, was to determine how to collect appropriate information to contribute to my understanding of the processes and mechanisms operational in this case, and to decide whether quantitative or qualitative methodology would be best suited to obtaining that data.

As is evident from information cited in Chapters 1 and 2, there are vast data bases related to economic development, labour force development, and education in Newfoundland and Labrador, readily accessible through Statistics Canada, the Newfoundland Statistics Agency and the Department of Education. Choosing to manipulate such data in search of underlying significant relationships and trends would typically be associated with quantitative study.

> A **quantitative study**, consistent with the quantitative paradigm, is an inquiry into a social or human problem, based on testing a theory composed of variables, measured with numbers, and analysed with statistical procedures, in order to determine whether the predictive generalizations of the theory hold true (Creswell, 1994, p. 2).

However, education and training are processes which happen to people, presumably leading them to become sources of prosperity, if the predominant assumption in this case holds true. The consequences of those processes upon individual people cannot be fully explored by manipulating numbers, examining trends or conducting surveys. "...In the study of human experience, it is essential

to know how people define their situations" (Marshall & Rossman, 1995, p. 40). Methods sensitive to individual experiences are required. These fall into the qualitative paradigm. As Creswell (1994) explained "a **qualitative study** is defined as an inquiry process of understanding a social or human problem" (p.1).

> For the **qualitative** researcher, the only reality is that constructed by the individuals involved in the research situation. Thus multiple realities exist in any given situation: the researcher, those individuals being investigated, and the reader or audience interpreting a study. The qualitative researcher needs to report faithfully these realities and to rely on voices and interpretations of informants (Creswell, 1994, pp. 5-6).

Ragin (1987) pointed out that social phenomena are complex, and "human understanding of causation and of events in general is fundamentally holistic" (p. 23). Arriving at that holistic understanding can happen via many pathways, some contingent upon revealing qualities, and some upon quantitative comparison. Hamel, Dufour and Fortin (1993) argued that the methodological questions and issues involved in sociological methodology "cannot be appropriately considered, or for that matter resolved, by the opposition of quantitative and qualitative methods" (p. 28). According to the Oxford English Dictionary, to qualify is to describe, and to quantify is to measure. I decided that it is possible to incorporate measurement into description as appropriate, that quantitative data could be one of the "multiple realities" in an essentially qualitative design. In this project, I included evidence provided by examining statistical trends, but decided not to use quantitative instruments. I wanted to hear people's perceptions to better understand the impact of their training on their lives and their communities. As Miles and Huberman (1994) suggested, I focused on words as my prime source of data.

## Conceptual Framework

Perhaps, because of its complex causality, the relationship between economic development and education has been more assumed than rigorously studied. As I described in Chapter 2, there is conflicting evidence about which precedes the other or whether training necessarily yields a positive rate of return in the workplace (Hollenbeck, 1992 and 1993; Leigh, 1990). In the absence of a coherent body of theory to guide me, as recommended by Creswell (1994, p. 70), I began my research project with a "grand tour" question divided into sub-questions. So as to not limit the inquiry, consistent with the emerging methodology of qualitative designs, I posed this grand tour question as a general issue as follows:

***What is the impact of human capital development, in the form of education and training interventions, on economic renewal in a region of depressed economy?***

This question formed what Hamel et al (1993) would have deemed "the subject" of my study, and proceeding from it came the following sub-questions:

- *In a selected region of depressed economy, what are the education attainment levels and employment rates of the population?*
- *How do trends in these attributes compare over time with economic growth (or decline) of the region?*
- *What has been the outcome of education and training programs in terms of impact upon individuals and economic renewal of communities as indicated by labour market attachment or self-employment (entrepreneurship)?*
- *What do individuals perceive to be the outcomes of training interventions?*

This series of questions delimited "the object" of my study (Hamel et al, 1993, p. 41), namely: ***the impact of particular education or training interventions upon the capacity of specific individuals or groups of people to contribute to economic renewal by participating in the labour force in a specific region of depressed economy.***

Given my acceptance of the qualitative paradigm, the task in this research project became to derive "grounded theory" (Glaser & Strauss, 1980; Strauss & Corbin, 1990) from patterns found within the experiences and understanding of the participants in the study, captured by using multiple stages of data collection and the refinement and interrelationship of categories of information. Such theory building relies on creating "a few general constructs that subsume a mountain of particulars" (Miles & Huberman, 1994, p. 18).

I realized as I proceeded that the first two questions could be answered very quickly using a few documents and statistical databases. It was the third and fourth questions that elicited rich qualitative data--my mountain of particulars to shape into theory by using a process that Miles and Huberman (1994) described as identifying "intellectual bins" in which to categorize observations of discrete events and behaviours as part of the process of conceptualizing a research problem.

> Any researcher, no matter how inductive in approach, knows which bins are likely to be in play in the study and what is likely to be in them. Bins come from theory and experience and (often) from the general objectives of the study envisioned. Setting out the bins, naming them, and getting clearer about their interrelationships lead you to a conceptual framework (p. 18).

These authors described an evolutionary process from conceptual framework to research questions. They felt that the identification of

such bins would involve asking oneself some implicit questions about their contents. This, in turn, would make one's theoretical assumptions more explicit, and would start channelling energy in those directions, leading to more focused and limited data collection through sampling decisions and appropriate data-gathering devices.

> Research questions and conceptual frameworks--either implicit/emerging or prespecified--affect each other....People, including research people, have preferred "bins" and relational "arrows" as they construe and carve up social phenomena. They use these explicitly or implicitly to decide which questions are most important and how they should get the answers. We believe that better research happens when you make your framework--and associated choices of research questions, cases, samples, and instrumentation--explicit, rather than claiming inductive "purity" (p. 23).

I realized that my "bins" and my conceptual framework were already partly developed. The bins were the three themes I have already described: economic renewal, human capital development, and accountability. In my Preface, Figure 1 depicted my questioning of the assumed relationship between them. Earlier in this chapter, I speculated that the relationship was complex, influenced by many factors, and possibly synergistic. On the next page, Figure 2 illustrates the conceptual framework I developed from my initial notion and the research questions I derived from it. This framework and these questions then became the basis for my study design, choice of data collection methods and instruments, and sampling strategy, as described below.

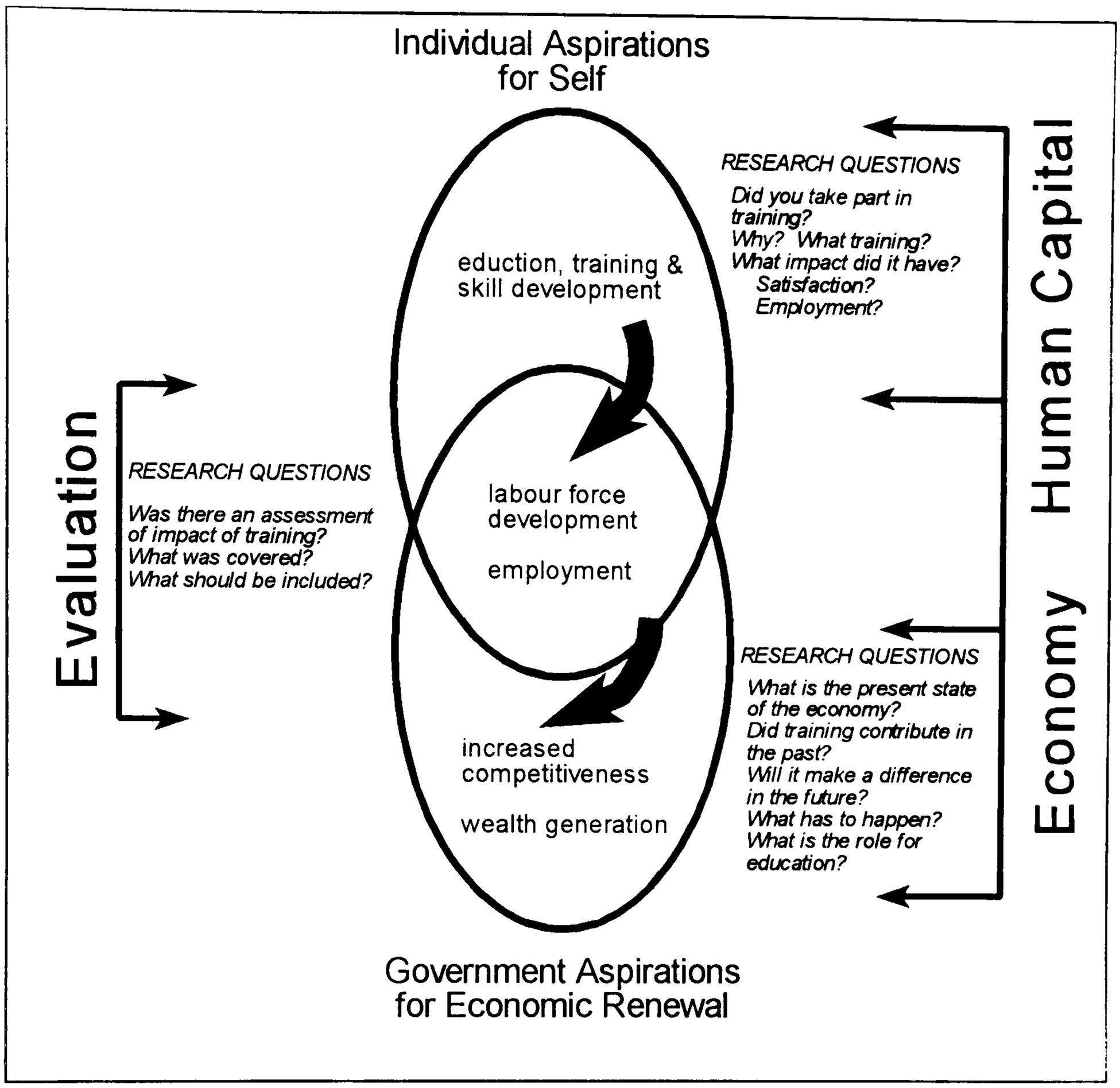


**Figure 3. Conceptual Framework for Research**

I settled on the case study approach advocated by Yin (1994) to develop an understanding of the complex social phenomena associated with the contribution of education and training of individuals to economic renewal in Newfoundland. He stressed that "the case study allows an investigation to retain the holistic and meaningful characteristics of real-life events" (p. 3). Yin noted that case study inquiry is useful to cope with a technically distinctive situation in which there may be more variables of interest than data points, and therefore often relies on multiple sources of evidence, with data converging in a triangulating fashion, and benefits from the prior development of theoretical propositions to guide data collection and analysis. He described the case study as neither data collection tactic nor merely

design feature alone, but “a comprehensive research strategy" (Yin, 1994, p. 13). He felt that the most important application of case studies is to "*explain* the causal links in real-life interventions that are too complex for the survey or experimental strategies" (p. 15).

Guided by Maykut and Morehouse’s (1994, pp. 43-47) description of qualitative research characteristics, I designed my project to have:

- an exploratory and descriptive focus
- an emergent design (evolving over time, broadening or narrowing of the focus of the study, and consequent sampling of new people and settings)
- a purposive sample (participants being carefully selected for inclusion, based on the possibility that each participant will expand the variability of the sample, that is, in an emergent design the composition of the sample evolves over the course of the study)
- data collection in a natural setting (where personal meaning is tied to context)
- emphasis on human-as-instrument (where the researcher has the dual responsibilities of collector and culler of meaning from that data)
- qualitative methods of data collection (such as in-depth interviews and group interviews, recorded through field notes)
- early and ongoing inductive data analysis (such that the outcomes of the study evolve from the systematic building of categories of meaning inductively derived from what is meaningful to the participants in the study)
- a case study approach to reporting research outcomes (presented within a rich narrative)

## *Data Collection Methods*

### Interviews

I used letters and telephone calls to solicit cooperation of policy makers, administrators and practitioners in setting up interviews and gathering information. (See Appendix 2 for sample letters). I settled upon three types of interviews to collect information in this research project:

**Open-ended, elite interviews**. Marshall and Rossman (1995) described an elite interview as "a specialized case of interviewing that focuses on a particular type of interviewee. Elite individuals are considered to be the influential, the prominent, and the well-informed people in an organization or community and are selected for interviews on the basis of their expertise in areas relevant to the research" (p. 83). Maykut and Morehouse (1994) describe an interview as "a conversation with a purpose". I conducted these interviews with policy makers, administrators and practitioners associated with NCARP, TAGS, and training interventions associated with these programs, to solicit their overall insights into the situations and outcomes in their regions. I did all but two of these in person--those two I did over the telephone for reasons of distance and scheduling. These sessions usually took about an hour. I used an interview guide as more of a reference than a script. The questions were open-ended. I allowed the interviewees to vary from them if there were other points they wanted to make, and took notes (with participant consent). A sample interview guide is included in Appendix 2. In several instances, the insights gleaned from these interviewees were corroborated by documents they provided. Appendix 2 also contains the list of documents I collected as sources of evidence.

**Focused telephone interviews.** I held these interviews with graduates from selected technology training programs supported by NCARP/TAGS. These interviews were less "open-ended" and far shorter than the elite interviews described above. I followed an interview schedule which comprised a personal introduction, purpose statement, statement on confidentiality, a request for permission to take notes, an explanation as to why the interviewee was selected for interviewing, and a detailed set of questions and probes. A sample interview schedule is included in Appendix 2.

**Focus group interviews.** Maykut and Morehouse (1994) defined focus groups as group interviews that emphasize "dynamic group interactions....combining some of the features of individual interviewing and participant observation" (p. 104). They felt that "the purpose of doing a group interview is to bring different perspectives into contact " (p. 104) and recommended using a small group of people, typically six to eight. I conducted four of these group interviews. They comprised five to nine consumers (present and past) of education and training programs, plus various other stakeholders in the area. The sessions took one and a half to two hours. I facilitated the sessions, loosely following an interview schedule (see Appendix 2) but allowing the discussion to broaden beyond the questions asked, again taking notes with the permission of the participants.

I had originally intended to tape record my interviews but the first focus group changed my mind. While I could see that these participants were quite capable of stating their opinions and expressing their views eloquently, I got the impression that recording them would inhibit their responses. I felt that note taking would be less intrusive and would increase their sense of anonymity. I decided to forego tape recording in all of the sessions and interviews.

## Coverage

Guided by my conceptual framework, I covered the three themes which weave throughout this thesis--economic renewal, human capital development (education and training), and accountability (evaluation)--to varying degrees in the interviews and focus groups as illustrated by the following table:

**Figure 4. Field Research Coverage of Themes**

<table>
<tr><th colspan="3">Training Questions</th><th colspan="3">Economy Questions</th><th colspan="3">Evaluation Questions</th></tr>
<tr><td colspan="6">Covered by Focus Groups 3 & 4</td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td colspan="4">Covered by Focus Groups 1 & 2</td><td></td><td></td><td></td></tr>
<tr><td colspan="3">Covered by Interviews with Training Participants</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td></td><td></td><td colspan="7">Covered by Interviews with Elite Informants</td></tr>
<tr><td colspan="9">Covered by Documentation collected from Elite Informants</td></tr>
</table>

**Economy Questions.** In all four focus groups and in the elite interviews I asked the following questions:

- How would you describe the present state of the economy on the Bonavista Peninsula/Great Northern Peninsula/rural Newfoundland?
- Has training played a part in employment of people and economic development of the region in the past?
- Do you think that having more people with more education/training will make a difference to the economy and employment rate in the region in the future? Why or why not?

- What do you think has to happen on the Bonavista Peninsula/Great Northern Peninsula/rural Newfoundland to employ people and improve that state of the economy?
- What role do you see for education/training to play?

**Training Questions.** I asked these questions in the telephone interviews with training participants and in the third and fourth focus groups:

- Did you take part in a training program through NCARP or TAGS support?
- Why did you take part in training?
- What training program(s) did you do?
- Describe the impact your training had on you.
- Were you satisfied with this result? Explain.
- If no, what do you think should have been done differently?
- Did your training help you get a job or become self-employed?
- If yes, did you get work in your home community/region or did you leave to get work elsewhere? Did you get work related to your training?
- Were you satisfied with this result? Explain.

In the first and second focus groups I asked only the first two of these questions, but I decided to expand upon the questions in the third and fourth focus groups. Of the elite interviewees I asked:

- What was your involvement with NCARP/TAGS and the training it supported?
- What, do you think, was/were the overall goal (s) or expectation(s) related to supporting training through NCARP/TAGS?
- What impact, do you think, did the training have?

**Evaluation Questions.** I covered evaluation only with the elite interviewees as follows:

- Is/was there any monitoring, follow-up or evaluation conducted to assess the impact of this training (on individuals or otherwise)?
- If so, please describe what is included/covered.
- If not, what do you think should be included/covered in such an evaluation?

**Documents.** In the course of my elite interviews, several of the interviewees provided me with documents that expanded upon their answers, many of them internal confidential documents. (See Appendix 2 for a list of the documents I collected.) I relied upon these as well as my field notes to report my findings in Chapter 4.

## Sample Selection

Miles and Huberman (1994) noted that "qualitative researchers usually work with *small* samples of people, nested in their context and studied in-depth--unlike quantitative researchers, who aim for larger numbers of context-stripped cases and seek statistical significance" (p. 27). They pointed out that in qualitative studies samples often are not prespecified, but rather they evolve once fieldwork begins. They referred to this pattern as "conceptually-driven sequential sampling" to support derivation of grounded theory.

As they, Hamel et al (1993), and Yin (1994) recommended, I selected sites and participants to be sociologically representative, not because of their frequency, but because of their "preferred vantage point". The range included policy-makers and administrators, practitioners, and consumers of education and/or training. I used "snowball" and "opportunistic" sampling strategies (Miles & Huberman, 1994, p. 28) to

locate participants, following up on leads and suggestions of interviewees and developing ideas over time. My sampling was "emergent and sequential" and I determined sample size to be the "saturation point" when newly collected data became redundant with previously collected data" (Lincoln & Guba, 1985; Maykut & Morehouse, 1994).

My many "past lives" were advantageous in making the connections I needed. I knew several of the elite informants and had good working relationships with them because I had formerly worked in the college system in Adult Basic Education, had taken several secondments to the Department of Education (provincial government), had worked on contract to Human Resources Development Canada (federal government), and I now work for the Department of Development and Rural Renewal (provincial government). These people were quick to co-operate, to supply internal documents, and to help me organize focus groups or make connections with other appropriate elite informants. They, too, shared my concerns about education and economic development, were interested in the outcomes of my research, and encouraged me to proceed.

The elite informants who were senior HRDC administrators and policy makers associated with NCARP and TAGS were located in St. John's and Ottawa. I did personal interviews with those in St. John's--the initial director of NCARP and TAGS, now retired, and the present administrator of TAGS and its forthcoming replacement program, the Fisheries Recovery and Adjustment Measures (FRAM). The latter introduced me to the chief administrator of TAGS and FRAM in Ottawa, with whom I conducted a telephone interview.

Because my prime focus was on the impact of human capital development interventions on economic renewal in rural

Newfoundland, I wanted to target participants in training interventions in one or more regions deeply affected by the cod moratorium and other elite informants associated with the programs in those areas. Initially, I chose the Bonavista Peninsula, which falls within Canadian Census Division (CD) 7 and Economic Zone 15 (see Maps 3 and 4 in Appendix 1), as a representative case site for the following reasons:

- Although manufacturing, construction and retail trade were significant contributors to employment, the region had been substantially reliant upon the cod fishery and had a high proportion of NCARP/TAGS recipients who had participated in training programs.
- The unemployment rate in Zone 15 was 33.3%, 6% higher than the provincial rate in the week prior to Census Day, 1996; transfer dependency was 11% above the provincial average in 1996, with Employment Insurance and TAGS contributing the largest shares; and population decline (-3.2%) in the zone was greater than the provincial average (-2.9%) in the period between 1991 and 1996 (ACOA, 1998).
- I had good connections there.

As part of my work in DDRR, I had served on an advisory committee for a Literacy Research Project aimed at testing "a model through a pilot project in a rural area of Canada (specifically rural Newfoundland and Labrador/Economic Zone 15) that will link adults with low literacy skills to skills training and employment opportunities" (Random North Development Association, 1998). The Literacy Outreach Worker who was designing the project had already established two reference groups comprising learners and practitioners in the "Discovery Centres" (drop-in Adult Basic Education learning centres) in Bonavista and Chapel Arm (see Map 3, Appendix 1). For the most part, the learners in these reference groups were dependent upon some form of government assistance, such as TAGS, EI or Social Assistance.

They all had similar goals: to complete their ABE program and to find employment, if not in their community, in the province. The Outreach Worker noted that the groups were comfortable in communicating their feelings and opinions to her, often expressing frustration and uncertainty regarding the collapse of the fishery and the future of their communities. She agreed to ask each of the two groups to participate in a focus group interview with me, and they accepted.

I facilitated one session with each group. In the Bonavista session were the following participants: nine learners, two instructors, one administrator and the Literacy Outreach worker. In the Chapel Arm session were: three learners, two instructors, two Literacy Outreach workers, and one community-based organization worker (a representative of the Newfoundland and Labrador Organization of Women Entrepreneurs who happened to be making a presentation at the Discovery Centre that day). In addition, I was acquainted with the local HRDC/TAGS administrator through the same advisory committee. He readily agreed to let me interview him.

The training intervention associated with the Bonavista and Chapel Arm focus groups, Adult Basic Education, was not targeted toward any particular industry or economic initiative. I now felt it would be instructive to talk to learners whose training program was more directly related to employment or self-employment. Another opportunity presented itself through my work with DDRR. The Department was providing advisory and funding support to a community economic initiative, the Cabot Caprine Cooperative. Nine TAGS recipients plus their Outreach Counsellor had established this dairy goat farming cooperative with the notion of providing enough income to support ten families. They arranged to take a seven-week dairy farming course on animal husbandry and how to set up a cooperative.

I thought that a focus group with the members of this Cooperative would provide useful insights. A former colleague introduced me to the organizers of the Co-op and they were receptive to helping me organize a focus group. The participants in that session were: eight learners (Co-op members), one Co-op staff member (the new marketing manager), one community-based organization worker (Cabot Resources, a key support agency to the venture), and one government economic development officer (DDRR, Eastern Region).

For the fourth focus group, I decided to look at training directed toward individual self-employment so I wanted to talk to participants in an entrepreneurship development program. One such program that has been delivered in the province for some time with good results is the New Enterprise Store, offered by the P.J. Gardiner Institute for Small Business at Memorial University, in partnership with the provincial college system. The program is practical, rather than academic, with "graduation" judged on the basis of successful development of a plan for start up of a real business. Again, I knew a contact person to help me make the connections, one of the program administrators. She advised me that, while there had been no program on the Bonavista Peninsula, a New Enterprise Store session had been done recently in St. Anthony on the Great Northern Peninsula which falls within CD 9 and Economic Zone 6 (see Maps 3 and 5 in Appendix 1), a region which was suffering even greater economic renewal problems than the Bonavista Peninsula in that:

- Small scale manufacturing and business services played a limited role in the region's economy, with the greatest contributors to employment being government services, the retail trade, and the fishery.
- It also had a high proportion of NCARP/TAGS recipients who had participated in training programs.

- The unemployment rate in Zone 6 was 38.5%, 13.4% higher than the provincial rate in the week prior to Census Day, 1996; transfer dependency was 17% above the provincial average in 1996, with TAGS contributing the largest share; and population decline (-10.7%) was even greater than in Zone 15 (-3.2%) and the province (-2.9%) in the period between 1991 and 1996 (ACOA, 1998).

My contact noted that it had been "tough finding the right people" to participate in the program, pointing out that self-employment was not an option that many people typically chose in this region, and that out-migration was taking a heavy toll. She introduced me to the instructor, who helped me organize a focus group with five graduates from the program and agreed to be interviewed himself. I also interviewed the local HRDC/TAGS administrator for that region.

I had now registered the perceptions of participants in two generic ABE programs which were untargeted toward employment and two learning interventions which were specific to employment/self-employment opportunities. I felt I also needed to talk to graduates of more technical, industry-specific programs. I discussed this with the college administrator in the Bonavista region, who was also one of my elite interviewees. She speculated that focus groups would rule out inclusion of graduates who had left the area in search of employment. We came up with the idea of individual telephone interviews, rather than more focus groups, and she agreed to provide me with class lists and contact information from college files.

I settled on three programs: Heritage Carpentry, Apparel Technology and Microcomputer Systems Repair. I managed to track down and interview twenty of the total of thirty-six graduates from the three programs, however all of them were still in the area. In my attempts to

reach the other sixteen, I found nine numbers to be no longer in service and failed to find a mutually appropriate time to connect with the other seven. So, the original notion of finding graduates who had left the area did not actually come to fruition. Nonetheless, the twenty I reached provided much information.

In total, I conducted four focus groups (two with Adult Basic Education participants, one with the Goat Farmer's Co-operative, and one with the New Enterprise Store participants); two personal or telephone Interviews with training delivery administrators/instructors; five personal or telephone interviews with HRDC/TAGS administrators; and twenty telephone interviews with learners from technology programs (eight from Heritage Carpentry, seven from Apparel Technology and five from Microcomputer Systems Repair).

## *Planning for Data Analysis*

Tesch (1990) maintained that the process of data analysis is "eclectic," there is no "right way." Marshall and Rossman (1995) described data analysis as

> The process of bringing order, structure, and meaning to the mass of collected data. It is a messy, ambiguous, time-consuming, creative, and fascinating process. It does not proceed in a linear fashion; it is not neat. Qualitative data analysis is a search for general statements about relationships among categories of data; it builds grounded theory (p.111).

My project was no exception. Though I had fashioned questions to cover the three themes I had identified, people's answers wove in and out of the three, and occasionally introduced other elements besides. Yet, as Chapters 4 and 5 will show, some very definite patterns and theories emerged.

Yin (1994) strongly recommended having "a general analytic strategy in the first place" (p. 103). In discussing some dominant modes of analysis in case studies, he described "pattern-matching logic", in which an empirically-based pattern is compared with a predicted one (pp. 106-7) so that, if results are as predicted, solid conclusions can be drawn. If results fail to show the entire pattern as predicted, the initial proposition would have to be questioned and first case augmented by a second, which would predict a different pattern of outcomes using the same dependent variables. He noted that "one wants to do case studies in which the outcomes are likely to lead to gross matches or mismatches and in which even an 'eyeballing' technique is sufficiently convincing to draw a conclusion" (Yin, 1994, p. 110).

In Chapters 1 and 2, I questioned the assumption regarding the relationship between education, training and economic development. Earlier in this chapter I speculated that the relationship was complex and possibly synergistic. My “general analytic strategy” was, through interviews and group discussions, to allow evidence to emerge that would substantiate or refute the general assumption or my alternative explanation. I found that happened, and Chapter 5 will describe the results.

Yin further described a special type of pattern-matching which he termed explanation-building:

> Here, the goal is to analyse the case study data by building an explanation about the case....To “explain” a phenomenon is to stipulate a set of causal links about it....In most studies, the links may be complex and difficult to measure in any precise manner....Better case studies are the ones in which the explanations have reflected some theoretically significant propositions. For example, the causal links may reflect critical insights into public policy process....The public policy propositions, if correct, can lead to recommendations for future policy actions (pp. 110-111).

Chapter 6 will cover the policy implications of my research findings.

Various techniques have been used by researchers to keep track of, and manipulate, bits of information gleaned from interviews and documents in qualitative analysis, from index cards and "cut-and-paste" to the more contemporary, and now ubiquitous, computer software packages. I went the latter route, using a program called NUD*IST, which stands for Non-numerical Unstructured Data Indexing Searching and Theorizing, produced by Qualitative Solutions and Research Limited (QSR). As the QSR NUD*IST User Guide (1997) stated regarding categorizing and coding data:

> Before computers, some researchers did this by marking text with coloured pens; some copied, cut and pasted document segments into files representing topics; others recorded extracts on index cards. Such systems sufficed if the goal was merely retrieving all the text about a topic. QSR NUD*IST can be used just for this task, and it does it much faster, more thoroughly and rigorously than you can with pens and cards. More importantly for most researchers, it can be done in ways that allow ongoing interpretation and exploration of the data (p. 58).

Miles and Huberman (1994) focused on data collection in the form of hand-written or typed field notes, notes dictated after field contact, or tape recordings of interviews or other events in the field setting, describing “words as the basic form in which the data are found”(p. 51). By using NUD*IST, I was able to examine the words people used in their interviews and discussions, "find patterns within those words (and actions) and to present those patterns for others to inspect while at the same time staying as close to the construction of the world as the participants originally experienced it” (Maykut & Morehouse, 1994, p. 18). As these authors stressed, “there must be integrity between how the researcher experiences the participants in the study, how the participants experience the situation and their participation in it, and how those results are presented" (pp. 18-19).

## *Quality of Research Design*

Yin (1994) offered the following tests or criteria for judging the quality of one's research design:

- Construct validity: establishing correct operational measures for the concepts being studied
- Internal validity (for explanatory or causal studies only, and not for descriptive or exploratory studies): establishing a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships
- External validity: establishing the domain to which a study's findings can be generalized
- Reliability: demonstrating that the operations of a study--such as the data collection procedures--can be repeated, with the same results (p. 33)

I tried to take these criteria into consideration in designing this project, as described in the following sections.

### Construct, Internal and External Validity

According to Yin (1994) there are three tactics for increasing *construct validity*. The first is the use of *multiple sources of evidence*, in a manner encouraging convergent lines of inquiry. This tactic is relevant during data collection. In this project, I used triangulation among several sources of evidence and different methods of data collection (interviews, focus groups, documents and statistics) to provide internal validity. Using NUD*IST to code and group data was also a useful way to document and substantiate emergent themes and patterns. The second tactic Yin described was to establish a *chain of evidence*, which I did through my files, field notes and the NUD*IST database. The third tactic Yin recommended was to have the draft case study

reviewed by key informants. Time did not permit me to use this tactic, but I would do so before attempting to proceed further along this line of research.

*Internal validity* of a research project stems from the accuracy of the information obtained and whether it matches reality. As Yin (1994) noted, "a case study involves an inference every time an event cannot be directly observed" such that the researcher infers that a particular event resulted from some earlier occurrence, based on interview and documentary evidence collected as part of the case study. He advocated considering whether one's inference is correct, whether rival explanations and possibilities have been considered, and whether the evidence was convergent (p. 35). In my research, I found that the initial assumption was not supported, and that there were many rival possibilities that emerged from the comments of the participants, but their evidence supported the more complex relationship that I had envisioned. Chapter 5 will describe this further.

*External validity* arises from the generalizability of findings from a study beyond the immediate case study. As Yin (1994) noted, "this replication logic is the same that underlies the use of experiments" (pp. 35-36). As Chapter 4 will show, the various focus groups and interviews provided a congruent picture that looks characteristic to Newfoundland. Given the literature reviewed, it is likely that the findings and derived theory of this study would be generalizable to other places, however further case study research in another area with similar problems would be the next step required to confirm that position.

## Reliability

Yin (1994) suggested that "the goal of reliability is to minimize the errors and biases in the study" and recommended using a case study protocol and developing a case study database (pp. 36-37). This project had unique characteristics that would not be replicable exactly in another context because of its specific context in Newfoundland and Labrador. However, the protocol described in this chapter details my central assumptions, the selection of sites, samples and informants, and my bias toward the qualitative paradigm. With this background it would be possible to do a similar study in another setting.

## Delimitations and Limitations

As stated earlier, the general subject of this study was the impact of human capital development, in the form of education and training interventions, on economic renewal in a region of depressed economy. However, its scope was confined to examining the impact of seven training interventions upon forty-five learners in Newfoundland.

Potential weaknesses of the study stem from its focus upon the assumption that education and training are integral to economic development, and the causal complexity of that relationship. While it may be possible to identify various contingencies which can combine to connect education and training to economic development, it is unlikely that all of the potential variables which can affect education, training, or economic development will be considered in this case study.

## *Ethical Considerations*

Miles and Huberman stressed that "we must also consider the rightness or wrongness of our actions as qualitative researchers in relation to the people whose lives we are studying, to our colleagues, and to those who sponsor our work" (p. 288). To the best of my ability, I tried to do so in this project. I took what these two authors would describe as a "utilitarian view" in that I addressed the recruitment of respondents via informed consent, I tried to conduct my fieldwork in a manner that avoided harm to others, and I tried to protect confidentiality and anonymity (p. 289). When I contacted people, whether by letter or telephone, I summarized what my study was about and invited them to participate. I promised that I would not use individual names. I asked permission to take notes. For working colleagues, I made sure they knew that this research was part of my doctoral studies, not my job. I hope I am not naive in thinking that this research can be used only to have a positive influence upon policy development and program delivery in the future.

# CHAPTER 4
# RESEARCH FINDINGS

Chapter 3 described the conceptual framework, research design, and methodology I used to document information to study the impact of particular education or training interventions upon the capacity of specific individuals or groups of people to contribute to economic renewal by participating in the labour force in specific regions of depressed economy. I posed general questions about the education attainment levels and employment rates of the population and trends in these attributes compared over time with economic growth (or decline) of the region, about the outcome of education and training programs in terms of impact upon individuals and economic renewal of communities as indicated by labour market attachment or self-employment (entrepreneurship), and about individuals' perceptions regarding the outcomes of training interventions.

With these questions prompting me, I set about reviewing some statistical databases, holding interviews and focus groups, and collecting documents that would provide me with the answers I needed. The result was a rich collection of findings which I now present, organized under the three themes I introduced earlier: economic renewal, human capital development, and evaluation. Within each section, I have clustered data from the various sources to show that the evidence triangulates, all of the pieces coming together to yield a comprehensive description of the impact of the training in question upon the people involved and their home communities.

## *Economic Renewal Findings*

### Present State of the Economy

Statistics Canada provides a wealth of information on economic indicators to document the state of the economy. Census Division 7 contains the Bonavista area, and Census Division 9 the St. Anthony area, as shown on Maps 4 and 5 in Appendix 1. Examination of the 1981, 1986, 1991, and 1996 censuses reveals the following economic and labour force in Province, the Bonavista area (CD7) and the St. Anthony area on the Great Northern Peninsula (CD9).

GDP figures are available only at the provincial level. Overall, Gross Domestic Product has increased over time in Newfoundland and Labrador, although there have been years in which growth was negative, as illustrated by Charts 1 and 2 below. Detailed figures and sources for the charts are included in the data tables in Appendix 1.

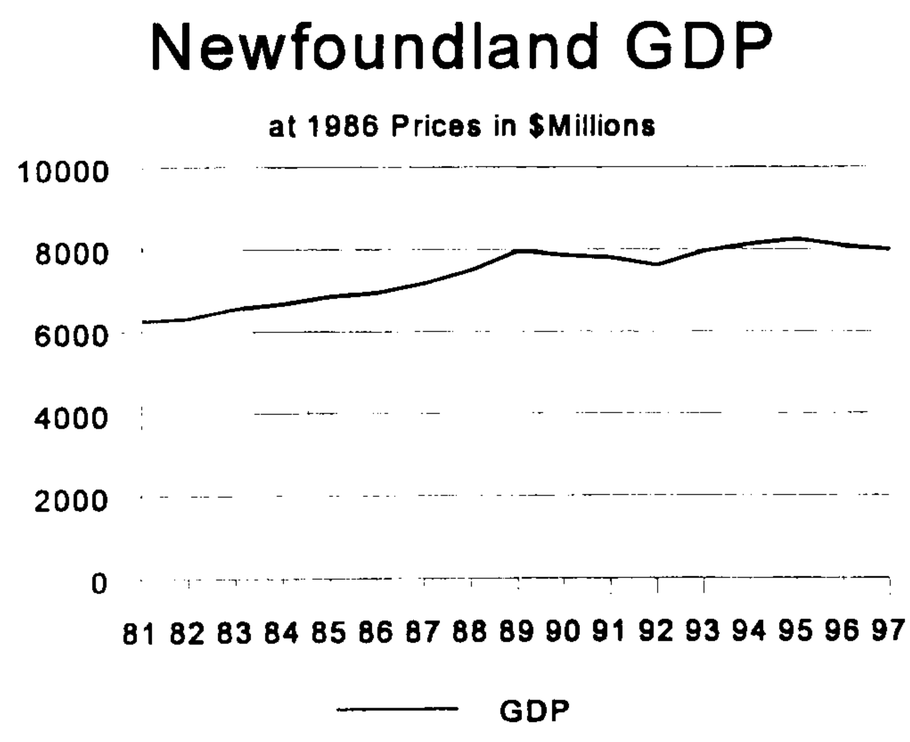


**Chart 1. Provincial GDP over Time**

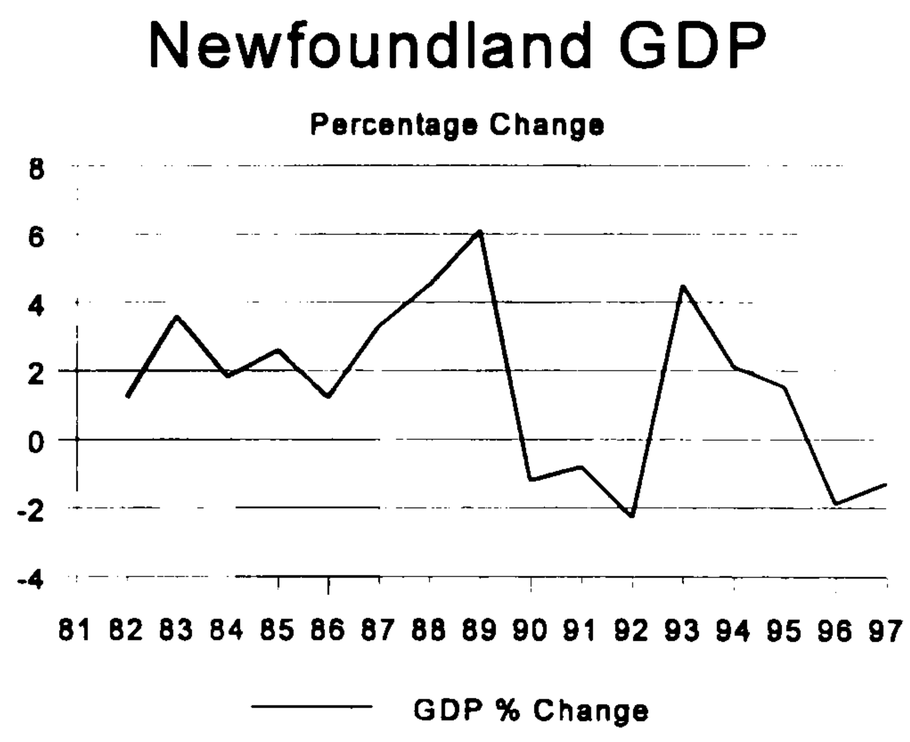


**Chart 2. % Change in Provincial GDP**

The provincial Department of Finance (1998) deemed the economic outlook for the province beyond 1998 to be "encouraging" based on "the development and operation of offshore oil, mining and hydro-electric projects....As the Province enters a stronger growth phase,

investment, employment and real personal incomes should increase and the unemployment rate is expected to continue its decline" (p. 31).

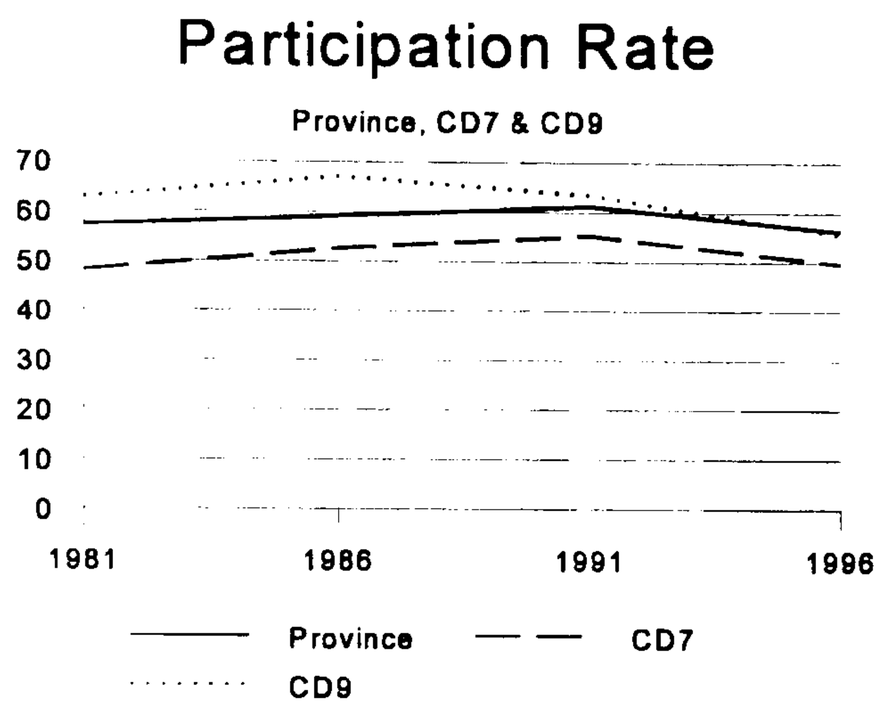


**Chart 3. Labour Force Participation**

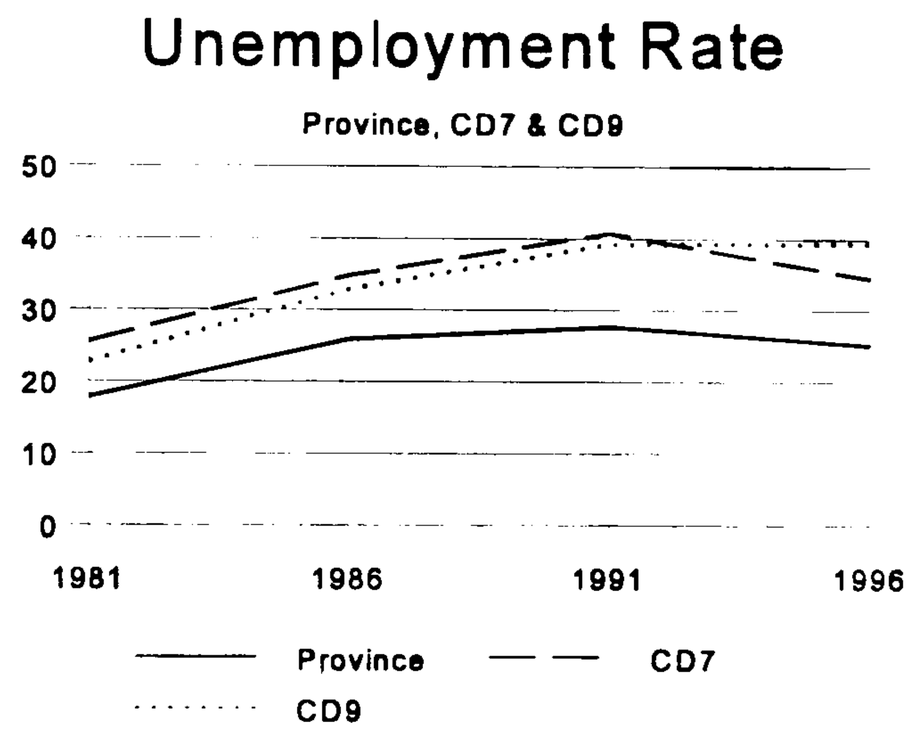


**Chart 4. Unemployment Rate**

Participation in the labour force increased in the 1980s, but declined between the 1991 and 1996 censuses. Interestingly, the unemployment rate also increased steadily in the province, the Bonavista area and the St. Anthony area in the decade between the 1981 and 1991 Censuses. It reached a considerably higher level in both rural areas--40.7% in the Bonavista area and 39.2% in the St. Anthony area--than the provincial rate (27.7% in 1991). Since then, it has remained at a high level in the St. Anthony area (39.5% according to the 1996 Census), but improved slightly in the province (24.9%) and in the Bonavista area (34.2%).

Intuitively, one might expect that if labour force participation rose, unemployment would fall. This has not been the case in Newfoundland, however, because the increased unemployment rate does not accrue so much from there being more long-term unemployed people in Newfoundland and Labrador as it does from the

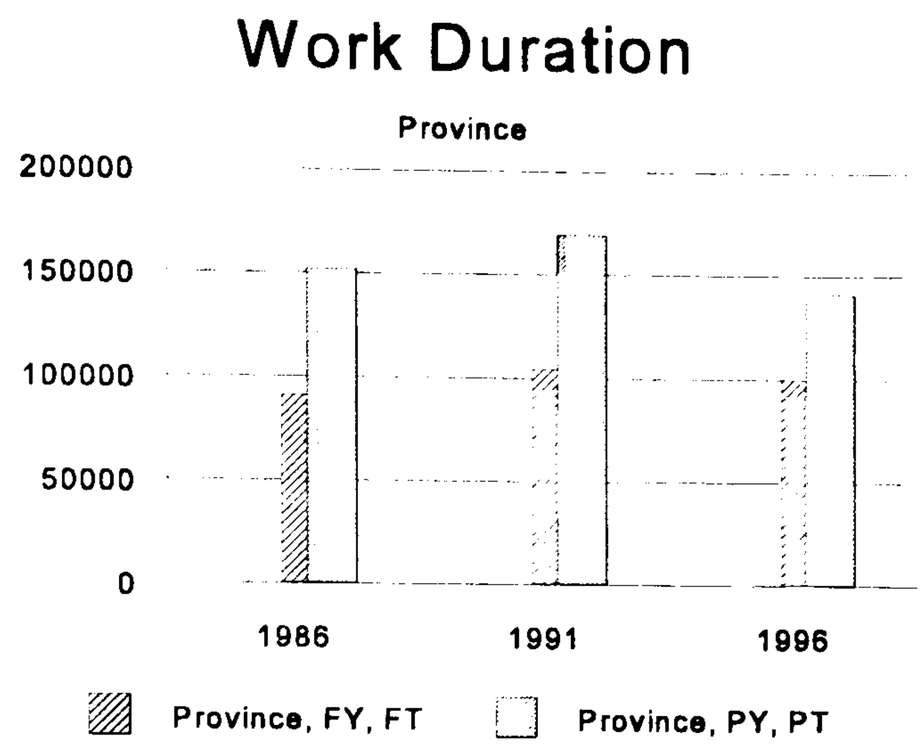


**Chart 5. Work Duration (Province)**

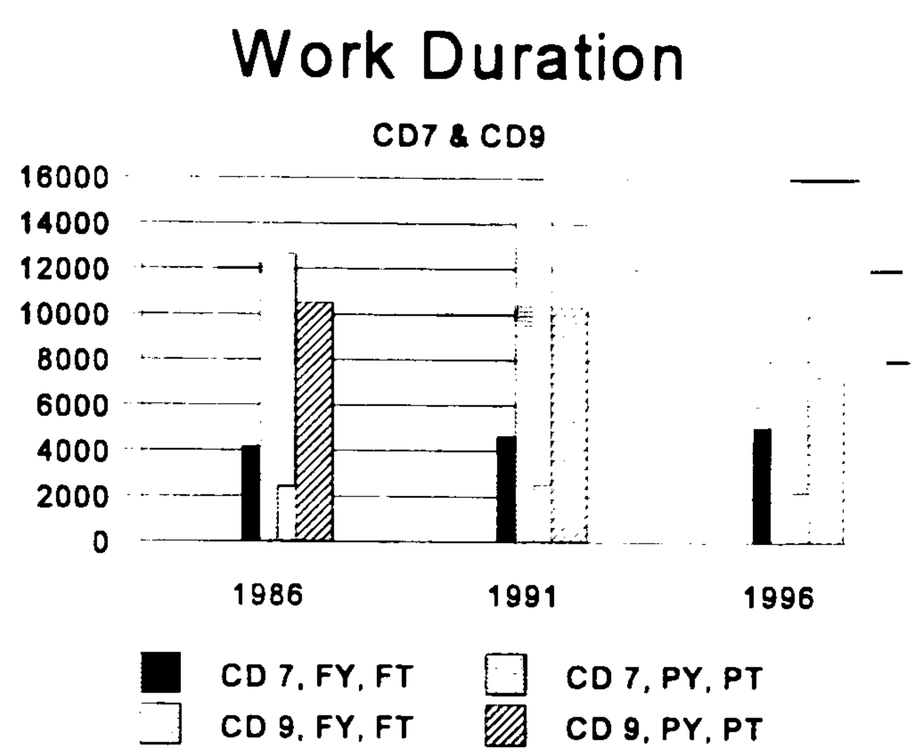


**Chart 6. Work Duration (CD 7 & 9)**

duration and seasonality of employment. Charts 5 and 6 show that far more people work either part-time or part-year than full-time, full-year. Many people who work part-year rely upon income support the rest of the year. In fact, as discussed Chapter 1, historically the deficiency in employment of longer duration has been partly compensated for by a sharing of person years of employment amongst our workers to maximize the support available through the Unemployment Insurance program. The Royal Commission on Employment and Unemployment (1986a) documented the high degree of movement of individuals into and out of employment, unemployment and the labour force (RCEU, 1986a, p. 82), noting that behaviours of entering and leaving the labour force were centred on income security programs.

"Source of Income" statistics from the censuses show that government transfers have been increasing as a proportion of people's income in Newfoundland and Labrador. Transfer dependency has been much higher in the two rural areas than the provincial average and has

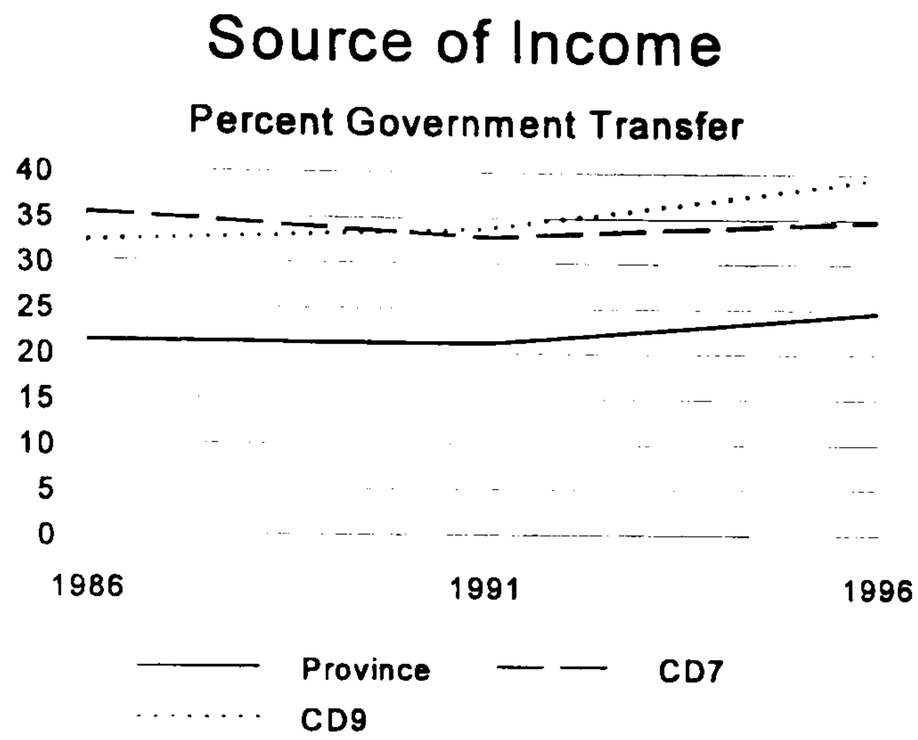


**Chart 7. Transfer Dependency**

increased dramatically since the 1991 Census. It is not surprising, given the reliance of the two areas upon the cod fishery and lack of other opportunities for employment, that government transfer payments in the form of TAGS and Employment Insurance, would make up a significant percentage of people's incomes. As well, the social assistance caseload has risen dramatically in recent years. During the 1980s it was stable at about 20,000 cases per month in the province. This figure started to rise in 1990 and by December 1997 it had reached 34,245 (JEC, 1998).

This statistical evidence, then, gives an impression of the province as a region of sporadic growth, persistently high unemployment, high part-time and seasonal employment, increasing transfer dependency, and declining population size, but with potential for an economic turn-around in the not-to-distant future. But what do the people who live there think? Their stories came from the qualitative data I collected through the four focus groups and elite informant interviews (but not in the training participant telephone interviews), in which I asked people the question: **How would you describe the present state of the economy in rural Newfoundland (on the Bonavista Peninsula/on the Great Northern Peninsula)?** Responses ranged from strongly pessimistic to cautiously optimistic, as illustrated by the following examples. (Participant words are italicized.)

**Pessimism.** Expressions of a pessimistic nature which surfaced in the two ABE the focus groups included: *"future is scary, bleak"*; *"low community morale"*; *"growing cynicism"*; and *"waning hope."* A senior administrator of the TAGS program emphasized the magnitude of the

challenge--a *"big problem that won't be solved overnight, with social, economic and cultural aspects"*--and noted the difficulty in finding an *"implementable"* solution to the long-standing situation. She felt it will be quite an undertaking to change that situation, with tough decisions to be made. A local TAGS administrator pointed out that prior to 1990 the fishery dominated. He stressed how difficult it is to replace the fishery as a source of employment. He pointed out that over a thousand people were once employed by a local fish plant that now employs only about a hundred. Another elite informant felt that while *"the ingredients for transformation are there"* the economy is still in a desperate state, and there are *"not enough viable opportunities for all the communities that require alternatives to the fishery."* Another local TAGS administrator described the economy in his region as *"worse now than ever"* with many business closures. He felt his district was *"back where we started when NCARP/TAGS began!"*--still looking to make work to employ people. He also worried that, with so many people leaving his district in search of work, if the fish plant reopened, there would not be enough people left to work there, and that *"those that are left do not have skills left to work in new ventures, and would need to be retrained."* Although the tourism sector was often cited by the more optimistic (see below), a former TAGS administrator expressed caution. He used the historic community of Trinity as an example, with its pageants, the Trinity Loop (an amusement park), and a broad range of tourism options. He pointed out that its success cannot be transplanted, because *"you'd lose what's unique to Trinity."* He lamented the closure of the Economic Recovery Commission[8] (ERC) as a lost *"source of vision."*

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[8] The Economic Recovery Commission was a former provincial "arm's length" economic think-tank and policy development agency. It was dissolved in 1996, with its functions and staff absorbed into a newly created Department of Development and Rural Renewal.

**Optimism.** On the other hand, there were many cautious expressions of optimism, such as: *"clouds are moving off"*; *"growing slowly, starting to pick up--business is good in some areas"*; *"lots can be done"*; *"bottomed out, starting to improve"*; *"more optimism"*; *"bleak, but has picked up in the past year"*; *"very depressed but some positive signs"*; and *"in 1995-96 things were pretty desperate, but 1998 looks like a good year."* Tourism was mentioned frequently as a *"bright spot,"* with the Cabot celebration, Matthew legacy and Coaker initiative noted on the Bonavista Peninsula. The fishing sector was still seen to be viable: *"presently fair--depends on the fish plant, which is open now [Bonavista area]"*; *"construction of multi-species plant--about 100 jobs [St. Anthony area]"*; and *"the people who had the big boats are still fishing."* A TAGS administrator in the St. Anthony area noted the *"modernized industry starting up in fishery and forestry sectors."* He estimated that 200-300 TAGS clients have found alternate employment, but cautioned that *"much remains to be done."* Other opportunities noted included: an expanding seal factory, the craft industry, the dairy goat farmers' co-operative, Voisey's Bay, and Hibernia (though the impacts of the last two megaprojects were recognized as likely to be slight in rural Newfoundland).

Of particular note are two themes which emerged quite strongly in concerns expressed about the present state of the economy: transfer dependency and out-migration.

**Transfer Dependency.** This issue was brought up in three of the four focus groups, as illustrated by the following comments:

*"Work is seasonal--people are still dependent on TAGS and EI."*

*"There used to be many opportunities for work in this area (the phosphorus plant in Long Harbour, the oil refinery in Come-by-Chance, the Argentia naval base, the fish plants). Now these are gone and many people in the community are dependent on transfer income--a*

*meagre living as opposed to economic development, surviving versus living."*
*"Although the economy seems to be growing, a lot of work is part-time, temporary, and seasonal. The economy won't support much full-time employment."*

Based on an internal evaluation of the "Choices" program on the Great Northern Peninsula, a local HRDC administrator noted a *"lack of client readiness to accept ownership for their future economic independence based on a history of participating in government-sponsored support programs."* He observed that the predominant attitude in this area was still one of *"lack of ownership"* characterised by a complete faith that the government will retain responsibility for income support. A senior HRDC official in the province noted that workers in rural Newfoundland have a historic pattern of short attachments to the labour market combined with transfer dependency, in the past dubbed the *"10/42 syndrome"* (from when ten weeks of employment formerly yielded eligibility for 42 weeks of unemployment insurance benefits). An instructor noted that *"the fishery hasn't kept people alive for 25-30 years--it's the social system. People caught enough fish to get income support."*

Local press coverage also exhibited this concern. An editorial in *The Clarenville Packet* (1998), a local newspaper in the Bonavista Peninsula area, described use of federal funding under Fisheries Restructuring and Adjustment Program (FRAM) as "simply wasteful," scathingly predicting

> Oh sure, the people who get work on the projects will thank you for now. At least their immediate futures are secured, until the project ends and their EI benefits run out which should take us up to this time next year. Not good enough (p. 6).

Although a large number of former TAGS recipients will now likely be hired to work on projects funded under FRAM, income support remains

a contentious issue as illustrated by this resident's story, reported in *The Clarenville Packet* (1998) under the headline "Former fishery workers cry discrimination."

> Randy Ryan enrolled in a Heritage Carpentry course at the Bonavista College Campus and did two work terms at the Ryan's Premises. He later went to work with the Matthew Legacy Committee, but because the work was not "insurable" under the EI system, he did not qualify for employment insurance benefits. Today, his TAGS cheques are gone, he received no lump sum payment, and he is not eligible for work on post-TAGS projects. He has no income (p.1).

**Out-migration.** Participants in three of the focus groups raised concerns about the *"big out-migration problem."* They were worried that *"people are leaving. It's often the best trained people who leave, although many don't want to. If they knew of opportunities to work, they'd stay."* (Note that the phenomenon of the best-educated leaving is further documented under the human capital section of this chapter). Several of the HRDC/TAGS elite informants described out-migration as an important issue, making such observations as the *"huge out-migration when people started exhausting from TAGS--2000-3000 people from St. Anthony area, in excess of 100 mobility claims this fall"* and predicting a *"drastic effect on economy"* and other detrimental impacts such as closures of schools and services.

Local newspaper stories confirm this concern, as expressed in *The Clarenville Packet* (1998) under the headline "HRDC reports 'quite a few' TAGS clients making the decision to move." It reported that the HRDC manager in Clarenville said that "quite a few TAGS recipients are making the decision to move from Newfoundland....40 families either have or are seriously in the process of relocating....We're all concerned that the people make a successful adjustment out" (p. 1). He noted that during the fiscal year 1996-97 about 80 people moved from the region.

Also, Robinson's (1997) research confirmed this view in noting that the majority of women spoke of negative effects on communities. One of the participants in her study said that "anyone who retrained had to leave" and another that "the training wasn't for jobs in the community. People had to leave to use their new skills." A third woman in Robinson's study said training had "hindered her community, because so many people had then moved away" while a fourth said that "training was a drain on the community" and several others spoke about "the rivalry and competition for the few jobs in small communities" (p. 9). Robinson noted that HRDC identified those most likely to adjust as women, younger people, those with higher education levels, plant workers, and those who did not qualify as core fishers. "It targets those clients most likely to adjust, in particular those who indicate a willingness to relocate" (p. 14). Findings of the 1998 HRDC evaluation confirmed that "the more formal education clients had, the more likely they were to have relocated" (p. 37).

**Renewal Events**

People were asked in key informant interviews and focus groups to answer the question: **What do you think has to happen in rural Newfoundland to employ people and improve the state of the economy?** Responses included a broad range or "shopping list" of activities. At first glance the list appeared extensive, with many unrelated activities. However, some themes with clear policy implications emerged:

i. Community Ownership/Involvement

*"Community support for good ideas--need to promote more community involvement. People need to know "what it's all about" -- need for*

*advertising (for example, TV good news stories, newsletters) to get ideas out."*

ii. Opportunity Identification

*"Need to determine what we can do to stay--employment as the end point--driven by community. People are accustomed to taking jobs versus making jobs."*
*"Got to have something to employ people. The ocean will still be the main source of employment, with small pockets of other work. Need a bunch of little things in rural Newfoundland: secondary processing is essential, import substitution of food products that can be produced here, co-op formation for economies of scale."*
*"The fish plant employed a thousand people--a daunting prospect to replace. We need sectoral development, for example tourism because of the historical significance of the area. Newfoundland will survive on small business. We need more research on the needs of the local economy and opportunities for entrepreneurship development."*

iii. Information/Awareness

*"We haven't done a good enough job of using media to inform people that good things are happening."*
*"Individuals must be assisted in search and recognition to make appropriate choices leading to skill development. For example, the Improving Our Odds program attempted to do this. We need to create meaningful, learner-centred environments and give people appropriate information to make choices--back to basics."*

iv. Attitude Shift

*"Nobody likes to see anyone else get ahead. We need an attitude change in people looking for work as well as those hiring: make an effort to improve the economy, support local production and entrepreneurs."*
*"We need an attitude shift. People expect government to look after them--they need to look after themselves."*
*"Communities need to take a regional perspective rather than town perspective (community versus community) to attract industry."*

v. Financial Support

*"Government has to help people like us that want to create jobs. I had an excellent idea, a business plan, but I can't get any answers from government agencies. Yet make work projects are supported. Is government trying to get us to leave? Government needs to rethink the policies it implements--it is willing to throw away money on demeaning work, but should spend funding to start up businesses that will last."*
*"Government talks about people starting up their own businesses, but unemployed people don't have resources. They can create businesses only as sidelines."*
*"Sensible decisions are required--we can't all do the same thing. So much money is spent and goes nowhere, for example on training that we know is going nowhere. We seem to be content with this and to not do something that is different and might go somewhere. For example, the literacy pilot project [in Catalina] has encountered so many difficulties in trying to do something different. Ironic!"*

vi. Leadership.

*"Stability and quality of workforce are needed to attract investment. Also, we need the right people/right leaders (educated) for CED to work, to enable collective survival. Rural Newfoundland cannot succeed without this."*

vii. Infrastructure

*"Information technology access."*
*"Improved transportation."*
*"People in power need to link emerging technologies and education."*

viii. Other Business Supports

*"Reduced red tape."*

An editorial entitled "Simply wasteful" in *The Clarenville Packet* (1998) provided the following commentary on what is required for "long-term economic development":

> We've heard the words for so long that it's become part of the Newfoundland psyche, like a new religion with government and bureaucrats preaching to us that money must be invested wisely into projects that will create long-term economic dividends....They shouldn't even be handing out money unless the application for funding comes complete with a detailed five-year business plan and a strong indication that the money spent now will be an investment in the future economy of a particular region or community (p. 6).

In fact, all of these themes can be rolled into two related overarching concepts: moving on from dependence upon the fishery as the mainstay of rural Newfoundland and initiating a strategic, integrated approach to development.

**The Fishery.** Although the return of the fishery, particularly in the form of (re)opening of fish plants, was mentioned hopefully a few times, it was more often in the context of a growing realization that the industry is unlikely to return to the same status it once occupied. Based on an internal evaluation of the Choices program on the Great Northern Peninsula, an HRDC/TAGS administrator noted that *"even though most accept that only about 40% would return to the fishery, they still hoped they'd fall into that percentage."* He observed that *"at the beginning of the program [Choices], the participants seemed unwilling to see that the fishery might never come back...over time they came to the realization that the fishery might never come back or that if it did it would be on a much smaller scale."* Another senior TAGS administrator felt that people had to *"give up thinking the cod will return. If it does, it's a bonus, but it could equally well be the single greatest set back to the fabric of rural Newfoundland--it would set us back 500 years! All communities can't survive with full services--the practical reality is we can't afford it."*

**An Integrated Approach.** The strongest theme which emerged in people's estimation of the renewal events required was the need for what I have labelled "an integrated approach" which brings together the various elements covered above. A former senior TAGS administrator stressed that *"components must be integrated, individual and community."* An instructor in an entrepreneurship development program advocated studying the *"Irish experience"* to see if *"we could make it work as they do."* He noted that government has played a big role in Ireland and stressed that here also *"long-term, integrated support is required from government"*. He focused particularly on support for entrepreneurship: *"participants in entrepreneurship programs like this one need ongoing support--presently they are left on their own. We need to combine this type of training [New Enterprise Store] with core funding--funding is presently ad hoc. Government*

*should look at local small entrepreneurs rather than funding incoming businesses to the large degree it presently does."*

The notion of linked supports and partnerships was raised. For example, in the case of the dairy goat farmers' cooperative, they described how they had developed a business plan and garnered a $150,000 grant from the federal/provincial program, "Safety Nets," with the support of a community development organization, Cabot Resources, and the provincial Department of Development and Rural Renewal. A number of partners became significant contributors to the project, such as Human Resources Development Canada, the Department of Food and Agriculture, the Newfoundland and Labrador Federation of Cooperatives, Cabot Resources, the Ontario Goat Breeders' Association, and the United States-based Heifer Project International (which supplied eighty pregnant goats and other supports free with the only stipulation that the gift be passed on). A position paper generated within the provincial Department of Education also stated that "harmonization of federal and provincial activities for the training options of the NCARP program is necessary to ensure a planned and coordinated approach" (p. 3).

The main interventions required to implement such an integrated approach were identified by research participants as follows: promoting community involvement and ownership, building capacity, assigning leadership to the REDBs, and linking training with other supports, as illustrated by the comments below.

**Promoting Community Involvement.** An implementation strategy document prepared by HRDC (nd) during the development of TAGS stated that "this adjustment will require an integrated bottom-up Community process with a bottom-up Individual process. It must reflect the move to regional economic zones and deal with the reality

that not only people but communities must be prepared to work together toward the common good" (p. 4). The former HRDC director who oversaw the initiation of NCARP and TAGS stressed that *"the community must be engaged in finding meaningful solutions, for example, formation of cooperatives."* He questioned how community engagement is to be fostered and advocated *"providing information on opportunities, assisting in decision-making--education for critical thinking, but at the community level."* In reviewing an internal evaluation of the Choices program, a local HRDC/TAGS administrator stressed that *"small outport Newfoundland communities who are left with the task or mandate of creating their own economic opportunities within their areas are attempting to address the real problems of clients--that of seeking replacement local job opportunities through economic development initiatives."* He posed the questions: *"What is it that people can do to get back to work in rural Newfoundland? What is sustainable in rural Newfoundland"?* He felt that a problem with TAGS itself was that people did not have to take risks. He stressed that there has to be *"more ownership by key community stakeholders--Chambers of Commerce, Development Associations, municipalities--not just HRDC. This was tried before with TAGS, with disappointing results. It still has to happen."*

**Building Capacity.** The same local HRDC/TAGS administrator on the Great Northern Peninsula emphasized that *"community capacity building is required. We have to have community involvement and people taking responsibility. What can they do to make a living outside the fishery"?* Similarly, participants in the dairy goat farmers' cooperative stressed the need for government support and risk taking: *"people in rural areas need support to develop their ideas. Decision making has been from the top down, not the bottom up. Decision making to create jobs has to be lower down on the totem pole. Use funding to support engines at the bottom. The dairy goat farmers'*

*project came from the bottom."* Meanwhile, a college administrator observed that *"volunteers are now expected to do more and more. Any skills, even literacy, help people to participate and help the area."* The 1998 HRDC evaluation study concluded that "community economic development was a missing link in the adjustment process" noting the "serious disappointment in fishing communities that the TAGS program did not do more to support community capacity-building and local economic development" (p. viii). This study did acknowledge, however, that most HRDC local offices were "active in communities in capacity-building and facilitating organizational development and community level adjustment" (p. xiii).

**Assigning Leadership to the REDBS.** Widespread through focus group discussion, interview responses, and documents was the notion that there is a role for the REDBs to facilitate the integration linkages required to implement this type of approach, as illustrated by the following comments:

*"This is a role for Regional Economic Development Boards--support them to develop local projects."*
*"There is a role for Regional Economic Development Board in facilitating connections between educational institutions and industry."*
*"We need brainstorming about opportunity identification--is this a role for the Regional Economic Development Board"?*
*"We've got to somehow allow people to realize that it's not every community for itself. We need leadership. It's an evolutionary process--future success lies in cooperation. This is a role for the REDBs."*
*"How to engage community? Is this a role for the Regional Economic Development Boards"?*

A senior HRDC/TAGS administrator in the province stressed that *"rural Newfoundland is not dead, but we have to look at ways to build on the*

*good things we can do--clustering, implementing ideas in REDB strategic economic plans (SEPs), commute-to-work, and services. The communities that survive will have good leaders and will work together."* A local HRDC/TAGS administrator echoed that position in noting that we have *"to go further--get people themselves involved, working with REDBs, prioritizing SEP initiatives."* He stressed this as a route to being strategic, getting the *"best return on investment."* However, local newspaper coverage by *The Clarenville Packet* indicated that this approach has yet to happen:

> Meanwhile, the Discovery Regional Development Board, with a game plan of sorts for economic development and a wealth of ideas for potential long-term industries (suggested by the public and community leaders) are waiting for those same community leaders and organizations to take those ideas and run with them. So far the interest is nil. (p. 6).

**Linking Training with Other Supports.** In answering both the question about what they thought had to happen in rural Newfoundland to employ people and improve the state of the economy and also the questions about the role of training (detailed later), people frequently linked economic renewal with education and training as part of an integrated approach. The early HRDC (nd) TAGS implementation strategy document stated that

> As with well-intended community groups where it has been identified that education is an essential ingredient, new innovative educational programs must be developed for individuals to effectively contribute to economic development. This process must also include education for individuals and communities to identify new solutions (p. 2).

A senior HRDC/TAGS administrator in Ottawa stressed that there has to be a successful linkage between training, infrastructure development, business development, and economic development opportunities. She emphasized searching for *"ways to attract business, new ways of doing things, look outside traditional approaches. For*

*technological home-based businesses, we need to train and ensure access to technology, an expensive proposition. For example, there's nothing much in St. Anthony but people could still work there if linked technologically."*

Focus group participants stressed the need for a *"partner or champion to find opportunities and link training."* They noted that this had not happened as frequently as it should, for example there was *"no real attempt to link training to employment opportunities in the Telework course"* in which some of them had participated.

One of the two Adult Basic Education focus groups felt that adult education must be a route *"to understand what's happening, explore employment."* Participants emphasized the need for flexible, locally-available training in the opportunities addressed in the zone's strategic economic plan--how to start up businesses, access funding--to help people connect. In fact, this notion of specifically targeting training to economic opportunity arose time and time again, as illustrated by the following comments:

*"Connect training to viable employment."*

*"Only if trained for something specific, for which there are jobs."*

*"Only if there's an end in sight, otherwise you'll still have to pack your bags. 'Train to leave.' We need a change in mind set. If FPI [the local fish plant] returns, do we abandon training again? We need education--the fish plant is not the only thing you can do--targeted training for mature people."*

*"If it's appropriate to opportunities in area--opportunity-based short courses, for example the upholstery course that ended in a business start up."*

*"The College offers limited programming--only the same old business course and a common first year of technology that doesn't prepare people for anything. How many secretaries do you need? They need*

*to teach career-oriented, "simple" courses such as tourism and crafts--practical skills to enable business start-ups, creating your own job. In Grenfell's[9] day they made own their bricks, pottery and windows here."*
*"We need appropriate education and training, not just any training. It's not the education, but the kind of education that's critical. We need bridging programs--to think about workplace challenges and solutions."*
*"It's part of the solution. We need entrepreneurship and education--specific training related to what's going on in the economy."*
*"Tie training to the economic needs of the community/region. Provide the skills needed to go to work. Fill demands."*
*"HRDC supports training for the Canadian labour market. The LMDA [Labour Market Development Agreement, Regional Committees] needs to focus on the local labour market, too."*
*"Shorter type training related to specific employment niches seems to be appropriate. Specific initiatives like the dairy goat farmers' cooperative and the seal tannery projects are leading to employment."*
*"The College should work with the REDB to identify new niches for which to train people, that is, focussed, targeted training--specific individuals for specific opportunities."*

The 1998 HRDC evaluation study found that

> There is a need for more effective job creation linked to adjustment programs. Informed observers in government, industry organizations and fishing communities have suggested that heavy investments on the supply-side of labour force adjustment, without some more meaningful effort to create jobs that are accessible to the adjusting population, may not pay off over the longer term. This view is particularly relevant in areas

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[9] Sir Wilfred Grenfell was a significant figure in the history of rural Newfoundland and Labrador. He established a medical missionary service which not only provided medical services but also tried to foster social and economic development in many remote rural communities, particularly on the Great Northern Peninsula.

> of high structural unemployment where many TAGS clients are based (p. vi).

This report also noted that "there is recent survey and focus group evidence that more clients and communities have come to accept the logic of adjustment and of the active requirement, provided that alternative employment opportunities in the local area are seen to be possible" (p. xii).

The dairy goat farmers' cooperative focus group gave an eloquent description of their successful attempt to specifically target training toward an economic opportunity. They arranged, through the College of the North Atlantic and Agriculture and Rural Development Canada, to take a seven-week dairy farming course with practical, on-site delivery on animal husbandry and how to set up a cooperative. They started with the notion of the business, learning about cooperative development and business skills. A local HRDC/TAGS administrator noted that the dairy goat farming project is one of the few examples of a "package deal" where training was connected to employment. He cited the Trinity Rising Tide Pageant as another.

However, the notion of using flexible, targeted training may meet with some resistance if early statements of Department of Education position still hold:

> Education and training activities undertaken under NCARP must be credit or certificate-based, must meet the educational requirement established by the province and must be delivered by a registered and approved institution....All academic upgrading funded under NCARP must be consistent with the Provincial Adult Basic Education (ABE) Program and must be provided wholly, or in partnership with, an institution which is approved by the Province to deliver and certify the ABE Program (p. 3).

## *Human Capital Development Findings*

Census Canada data for the 1981-96 period indicate some very significant demographic trends. Population growth in Newfoundland and Labrador has been negative for some time. According to the Department of Finance (1998) there are two main reasons for this decline: our fertility rate has dropped to the lowest in the country and the rate of out-migration has increased dramatically since the 1991 census, as illustrated by the following charts.

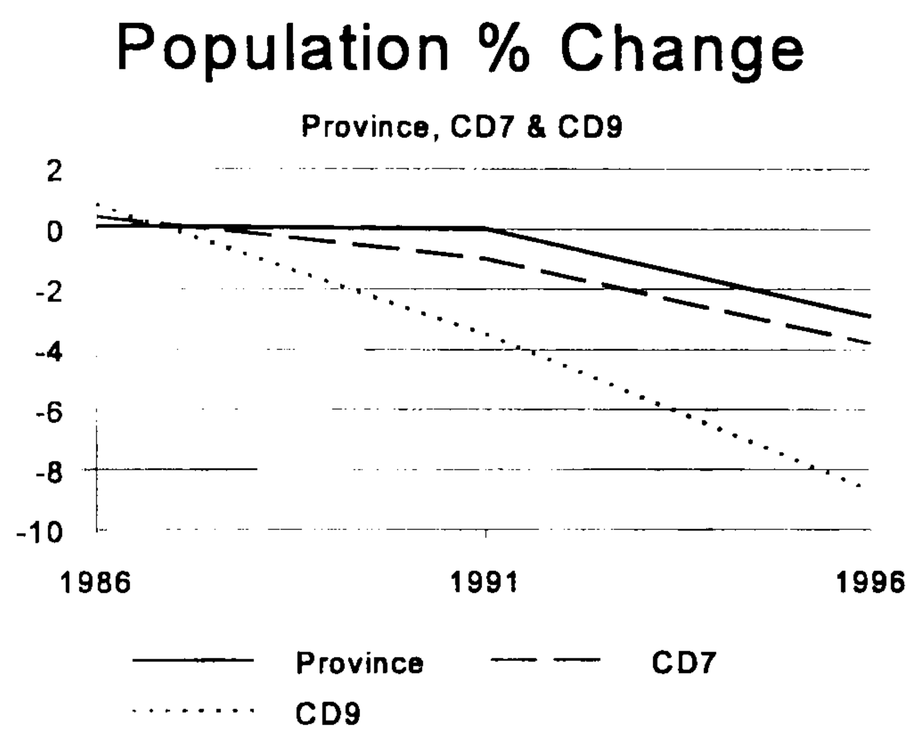


**Chart 8. Population Change**

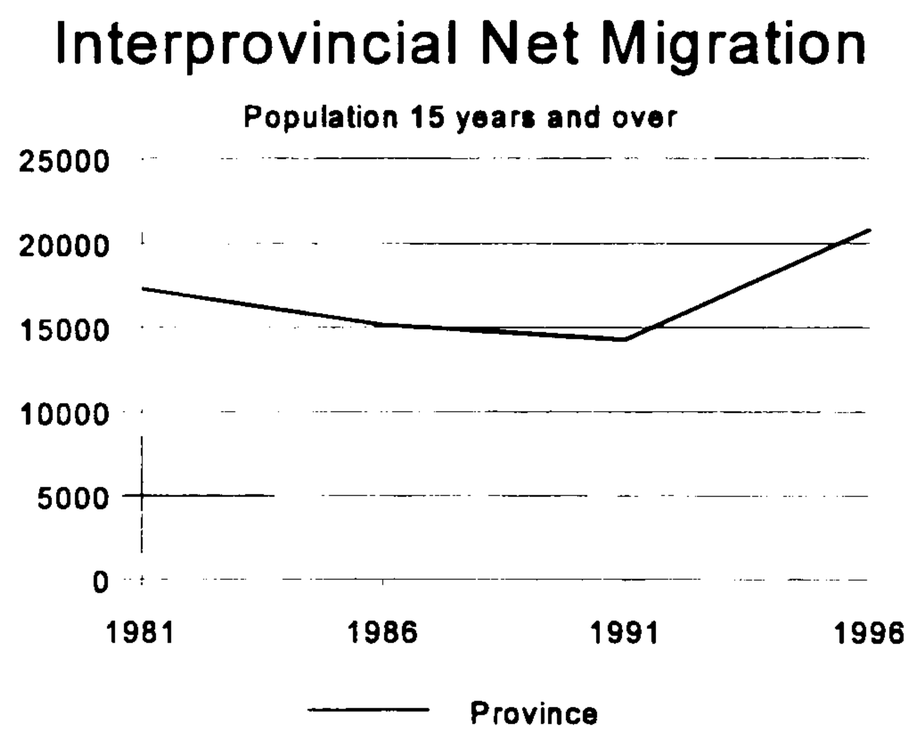


**Chart 9. Net Migration**

Human capital development is flourishing, as illustrated by a substantial increase in educational attainment levels[10] in the province and in each of the two regions in which I did my field work (see Charts 10, 11 and 12). However, the census statistics also reveal that increasing numbers of the better educated members of the population are leaving the province (Chart 13). This statistical picture is consistent with the concerns raised in the interviews and focus groups, especially as related to out-migration of educated people.

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[10] Educational attainment levels show on Charts 10, 11 and 12 are: less than Grade 9 (<Gr. 9); less than High School completion (<HS); High School completion (HS); Trades certification (Trades); non-University Postsecondary, with certification (NU,WC); and University, with Bachelor's Degree or above (U, WD). In Chart 13, the last three categories are added to form a single Postsecondary category (PS).

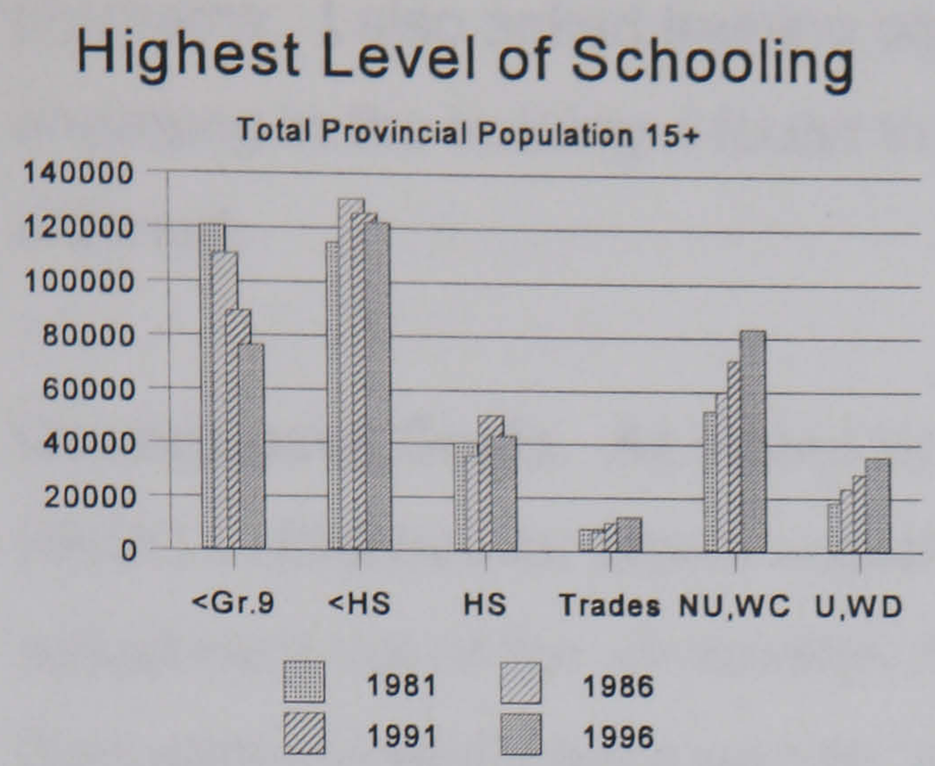


**Chart 10. Educational Attainment (Province)**

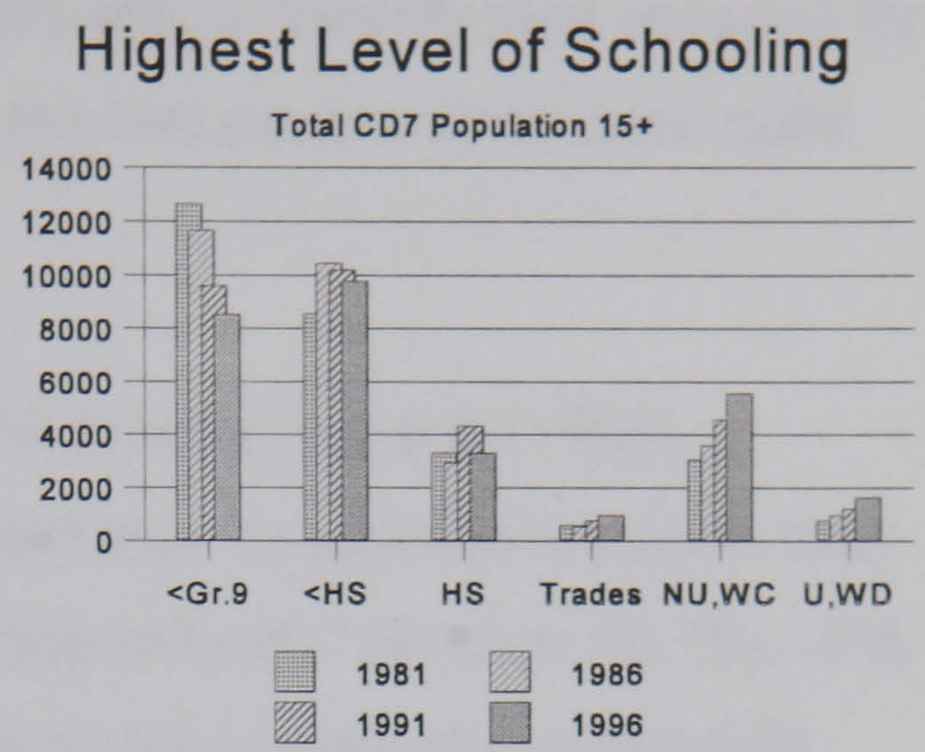


**Chart 11. Educational Attainment (CD7)**

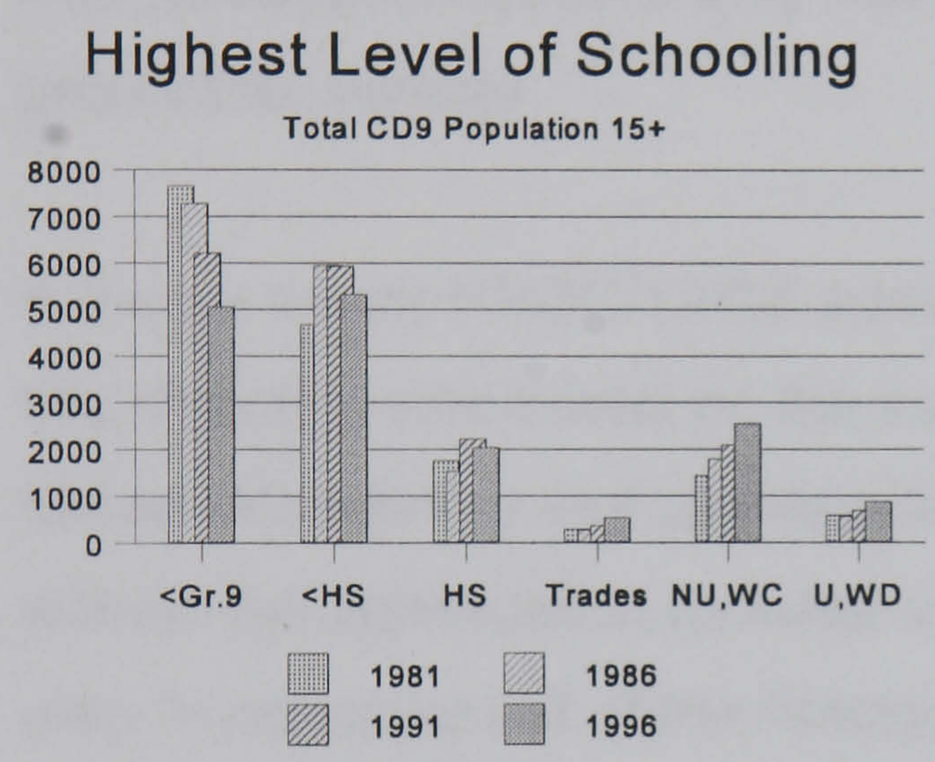


**Chart 12. Educational Attainment (CD9)**

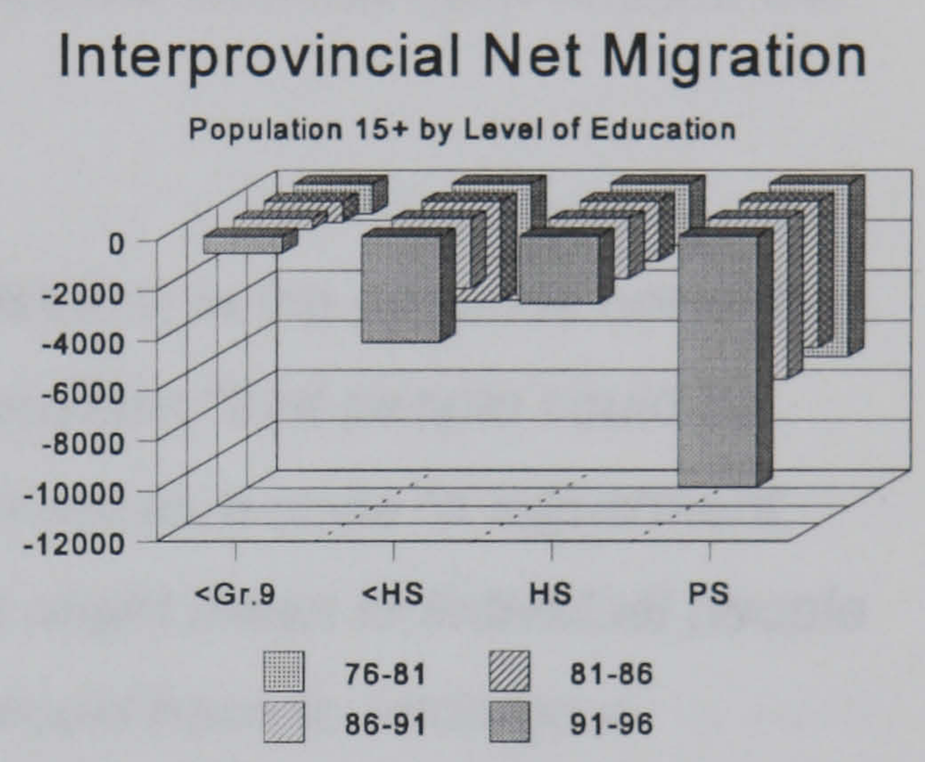


**Chart 13. Interprovincial Migration by Education Level**

Embedded within these numbers are the people who increased their education levels as part of NCARP and TAGS-sponsored training programs. My research uncovered many details about the goals, expectations and impacts of that training as described in the following sections.

## Goals for Training

I asked elite informants who were involved with NCARP and TAGS, and I reviewed the documents they provided, to determine the overall goals and expectations stated for the training supported under those

programs. I also asked training participants to identify their reasons for engaging in the training. I found that the two perspectives were quite different.

**Government Goals.** As stated by the Auditor General (1997), HRDC's objective for labour adjustment was "to support clients in their adjustment out of the groundfish fishing industry" (section 16.75). The Department initially set a goal to "adjust" 50 percent of the clientele eligible for TAGS such that they were no longer dependent upon income support because they had become self-sufficient outside the groundfish industry.

A former senior HRDC/TAGS administrator in the province noted that this objective was based on the supposition *"that people could be forced into training and skill development as a route to adjustment, without full appreciation for what that might mean to individual people who, in adjusting out of the fishery, would have to undergo a substantial lifestyle change, reduced ability to support themselves and increased cost of living elsewhere in the absence of subsistence assets in Newfoundland."* Another senior HRDC/TAGS administrator for Newfoundland also criticized the practice of forced active participation premised on the notion of not giving people *"something for nothing"* (passive income support). He noted, *"demanding that people be active posed a huge problem and was destined to failure."* He deemed it a questionably *"noble idea"* which the organization had no capacity to implement. There was no lead time. Staff were not equipped to deal with the large numbers of clients, neither were educational institutions geared up to handle them. He felt that *"senior staff in Ottawa had no idea of the situation in Newfoundland"* when they made such a sweeping decision. It was a massive problem--30,000 people had been thrown out of work. He emphasized that Ottawa had set *"too high a bar"* for adjustment, an unrealistic one

given the situation of the people and the capacity of system to handle the problem. He explained that there were actually two sets of expectations: the Ottawa official statement (aimed at adjusting 50% out of fishery) and a lower local expectation.

A local HRDC/TAGS administrator echoed these concerns about active programming, noting that *"Ottawa will not relinquish control over designing programs."* He acknowledged that training was the only option that could work for many, but pointed out that there were 3341 clients to handle in his local office alone. He thought that the eventual shift (in July 1996) from universal active programming to voluntary participation of those who were motivated was a good thing.

Another local HRDC/TAGS administrator pointed out that though TAGS was meant to be an adjustment program, it was not regarded in that way by participants, the union, or politicians. He observed that participants did not take part willingly--they really did not want to leave the fishery. They assumed government would look after them.

**Individual Goals**. In the four focus groups and in the telephone interviews, the other side of this story came out when I asked training participants their reasons for taking part in training and what they hoped to get out of it. These forty-five participants had taken a range of training programs (many of them had done two or three), including: Improving Our Odds (I.O.O.), Adult Basic Education, Telework, Construction Carpentry, Dairy Goat Farming, Diesel Operation, Business Administration, Interpretive Path Construction, Word Processing, Ambulance Attendant, Desktop Publishing, Income Tax Processing, Heritage Carpentry, Microcomputer Systems Repair, Apparel Technology, and the New Enterprise Store.

The learners expressed a number of reasons for taking part in training. It appears that most of the learners supported through NCARP/TAGS (there were some in the two ABE focus groups who were not displaced fisheries workers) indeed understood participation to be compulsory, and so they went *"as a route to income support, not because they wanted training."* For some this was a poor incentive which evoked an angry response. However, participants in one of the ABE focus groups noted that *"once started, though, some realized that they actually wanted to be there. Once the announcement was made that they didn't have to be in training to keep income support, about 50% dropped off. Now that it's voluntary, people come to the Discovery Centre because they want to."* The learners in this group felt that *"employment is the main focus, but self-exploration is important too. Confidence building is an important first step in going on--it is a spin-off benefit in many cases."* Overall, it seemed that people were viewing training either as a route to employment (or self-employment/business start up) or as an opportunity to get something they wanted for their own interest and personal development, as illustrated by these response phrases:

*"Route to get something, get off Social Assistance."*

*"Start up own business."*

*"Stay mentally alert."*

*"Get work."*

*"To establish dairy goat farms to employ ourselves".*

*"Create employment."*

*"Wanted my own business--that or leave."*

*"Tired of sending out resumes."*

*"So I wouldn't have to leave."*

*"Interested in woodworking. I understood I had to retrain. The course was offered close to home."*

*"At the time I thought I could better myself through training--it was an opportunity."*

*"I really wanted to learn the trade."*

*"Always interested in carpentry. Under impression I would be cut off TAGS if I didn't participate in training."*

*"Forced to retrain--would have preferred to work."*

*"I didn't want to be lying up, doing nothing."*

*"Interested in computers--good to have more skills to repair them."*

*"Interested in sewing."*

*"Interested in carpentry, but furniture rather than construction."*

*"Another option in case the fishery didn't return and the plant didn't open. I always wanted to do carpentry."*

A few had very strong inclinations and seized upon the training as an opportunity to fulfil them. For example, a founding member of the dairy goat cooperative was interested in dairy goat farming and had already begun to do correspondence courses through the University of Guelph. The other eight local residents who became interested recognized a skills gap, and as a group they organized the training they needed. Another such example was one of the participants in the Microcomputer Systems Repair program. He had been a marine superintendent in charge of trawlers with FPI. While other workers had been laid off he was kept on, but he felt he needed enhanced computer skills to do his job.

**Impact of Training**

When asked about the impact the training had on them, and whether they were satisfied with this result, the learners described various types of impact, again often referring to the goals they had identified: employment, self-employment/business start up, and personal development.

**Employment.** Although the 1998 HRDC evaluation study found that "clients who had higher levels of education and training were more likely to have adjusted out of the fishing industry" (p. vii), in the case of my research participants it seemed that employment was an outcome that was far less frequently achieved than desired. Three of the Heritage Carpentry students got work in their field, making furniture, and one is working on a FRAM project, doing some construction work. Two of the Apparel Technology students got full-time work sewing. Several others were employing the skills to varying degrees at home *"on the side."* One noted that the computer component of the Apparel Technology program helped in her present office work. Similarly, two of the Microcomputer Systems Repair program trainees found their enhanced skills helped them in their jobs, one as a chief engineer, the other operating computerized equipment in a fish plant to work. Two mentioned having *"side businesses"* in computer repairs and sales. However, as one of the participants in this program noted, it *"didn't result in work. Of the sixteen who did the course, ten are still in the area--it's overloaded, too much competition."*

Several participants in these courses, plus those in the New Enterprise Store program, had aspired to starting up their own businesses, but as one of the latter noted *"starting a business is not as easy as it looks."* Two graduates of the New Enterprise Store had managed to start up their own businesses, and three more were still trying. One got a job based on having done the training--the employer thought she would have acquired the skills needed through doing the program. The instructor of that program observed that *"Government talks about people starting up their own businesses, but unemployed people don't have resources. They can create businesses only as sidelines."* Aspiring entrepreneurs from the Heritage Carpentry and Apparel Technology programs also mentioned lack of money as a barrier to establishing their own enterprises.

**Personal Development.** This was a frequently mentioned impact of training. Participants in the dairy goat farmers' focus group noted not only that their dairy farming/co-op training was useful to running their farms but also that I.O.O. helped to build confidence, and ABE training, while not resulting in jobs, made people feel better about themselves and inclined to encourage their children to stay in school. A senior HRDC/TAGS administrator stressed that *"investment in ABE and literacy early on in NCARP/TAGS rose standards. Even if people could now only read to their children and grandchildren it was money well spent! The more educated you are, the better you can comprehend what's happening to you."* Participants in the New Enterprise Store focus group felt their training *"increased confidence in every way,"* one noting that she now felt *"way wiser."* A college administrator observed that *"confidence and self-esteem of individuals rose incredibly. Initially, people thought that they had to retrain. They were reluctant at first, but became more positive while in training. Their pride rose as they felt they could achieve. It was a real boost to them."* The 1998 HRDC evaluation study similarly found that ABE (including literacy and academic upgrading) does not appear to pay off for TAGS clients in terms of immediate labour force adjustment outcomes, but it appears to contribute significantly to encouraging older, less-educated and less confident clients to take on such major changes in their individual and family situations" (p. vii).

**Satisfaction with Impact**

Expressions of satisfaction, or dissatisfaction, ran up and down the gamut, often related to whether on not an individual's goals were met. Training participants who entered courses based on interest in acquiring the skills involved were resoundingly positive:
*"Yes. I made a lot of original pieces [of furniture]."*

*"I didn't expect to be self-employed--I can do garment repair on the side and for my own use."*
*"Yes, very. I learned a lot. I am working at carpentry. I tried to set up my own business, but there's not enough business in this area."*

The participants in the dairy goat farming training were very satisfied with their training to date, noting that it was directly related to the potential group outcome of employment, built on people's interests and skills at the appropriate level, and helped to overcome distrust by using the cooperative model. They also expressed great satisfaction with *"getting to stay--best of all"!*

However, the satisfaction of many was curbed by their disappointment in not finding employment/self-employment:
*"Would have been better if I could have set up a business, but the economy of the area doesn't support it."*
*"Likely I won't be successful at making a living--I had hoped to when I started the course."*
*"To be honest, I should have gone on to something else. There was no employment at the end, and that's what I hoped for."*

As noted in the 1998 HRDC evaluation study, plans for adjustment and/or mobility were also constrained by the work situations of other family members:
*"To some degree. I would have liked to work [in microcomputer systems repair], but couldn't move away to take a job. My wife is working in the area."*
*"Yes, definitely, but it's hard to find work in the Bonavista area--perhaps in a big city. However, I am unable to leave; my husband is working here."*

Often, too, satisfaction with training was tied with reaction to the facilitator or the delivery of the program. In one of the focus groups, four people had participated in I.O.O. with two different facilitators. Their estimation of the training varied from *"good, wonderful"* to *"biggest farce in the world,"* depending on which group they were in. Similar reactions to other programs included:

*"Yes, instructor was excellent facilitator. "*

*"No, college had problems with staffing and equipment. "*

*"No, no follow up."*

*"No, no certificates."*

*"We were guinea pigs."*

Elite informant responses regarding the impact of the training recognized both limitations and positive aspects. The former senior HRDC/TAGS administrator speculated that the training efforts *"must have increased basic education and skill levels in the province--thousands of NCARP/TAGS recipients participated in ABE, aquaculture and fisheries diversification training."* (He stressed the need for a study to measure the overall increase in education levels). He observed that, while many *individuals* made successful transitions, *communities* were not engaged in terms of economic sustainability. Robinson (1997) also reported that "the TAGS retraining programs were geared to the individual, and were not sensitive to fishery workers', and especially women's ties to their families and communities" (p. 15).

Another senior HRDC/TAGS administrator concurred that investment in ABE and literacy early on in NCARP/TAGS increased standards. Notwithstanding HRDC's struggles to deal with the magnitude and complexity of the challenge, he acknowledged that "at the end of the day, the number of people positively affected was probably the same as you'd get if you did have the time to plan and do it better. So many

were disadvantaged to begin with--you couldn't take them too far in such a short time. There was limited possibility for success."

According to the Department of Education (1998) TAGS resulted in over 15,000 people taking "some form of educational course or program. Just over 79% of those registered to receive TAGS benefits had less than a high school education before the TAGS program began. At the conclusion of the program there was a 25.0% increase in the number of TAGS clients in the 'high school or higher' attainment category and a 10.7% decrease in the number in the 'less than high school' attainment category" (p. x). However, as noted by another local HRDC/TAGS administrator, in his region *"there were about 2700 eligible for NCARP/TAGS at the start. Five hundred took licence buy-out. Of the 2200 left, there are still about 1500 people in the area who didn't adjust out of the fishery. Training does not appear to have assisted adjustment to a great degree."* He was also disappointed in the outcome of the New Enterprise Store program, but admitted that they had perhaps started with the wrong participants to get what was required out of the program. He pointed out that *"anyone that seriously availed of training adjusted, but unfortunately adjusted out of the area--those who were successful left to work elsewhere."*

**Role of Training in Economic Development**

In the four focus groups and in the elite informant interviews (but not in the training participant telephone interviews), people were asked the question: **Do you think that training has played a significant part in employment of people and economic development of rural Newfoundland in the past?** Their responses portray a limited role for training in the history of Newfoundland's development. The dairy goat farmers pointed out that *"thousands of people have worked and are working at jobs for which they had no training. For the most part, the*

*money invested in training hasn't resulted in widespread jobs."* Participants in the New Enterprise Store focus group stressed that *"working in the fishery didn't require training to get a decent living in the past. Government wasted millions for nothing."* An instructor noted it was one of *"life's ironies--the fish plant offered jobs where education was not required. People dropped out of school to work."* A local HRDC/TAGS administrator felt that *"fish plants would often hire people with the lowest education,"* who posed *"no threat to supervisors."* He also observed that, with a few exceptions such as Rising Tide's training for the Trinity pageant and the training given to local slate plant workers, seldom has training been linked to development of the region. He explained that, when individuals are counselled, mobility is examined. Training supported by HRDC is for the Canadian labour market and for industry-specific opportunities, for example the Come-by-Chance refinery. He felt that training of individuals does not necessarily equate to regional economic development.

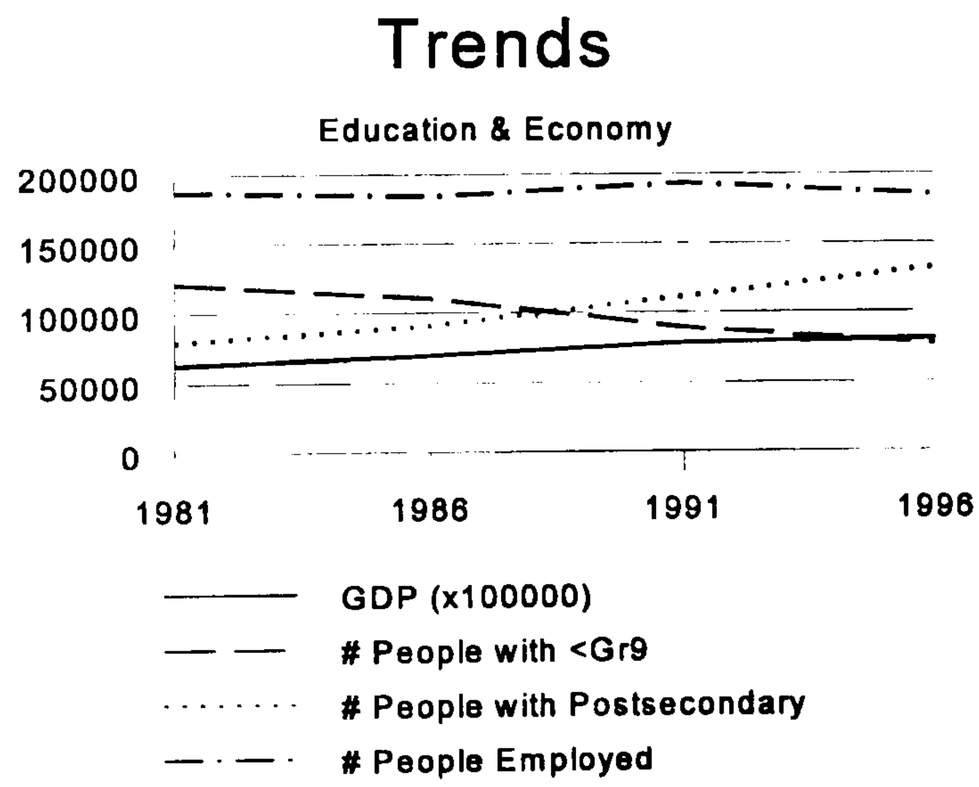


**Chart 14. Education & Economic Trends**

Neither does Statistics Canada data on growth of the economy, employment and educational attainment (Chart 14) reveal a straightforward connection between the two. If there were, one might expect to see the fall in numbers of people with low levels of education and the rise in numbers with postsecondary certification followed by increased employment levels and rise in GDP. Chart 14 shows no such increase in employment and only modest increase in GDP. However, given what we know about lack of jobs in rural Newfoundland and out-migration of postsecondary graduates, this is hardly a surprising phenomenon.

Participants in the four focus groups and in the key informant interviews were also asked: **Do you think that having more people with more education/training will make a difference to the economy and employment rate in rural Newfoundland in the future? What role do you see for education/training to play?** Apparent in the focus group discussions and generally in the interviewees was what I came to think of as a set of "paradoxical beliefs." Almost in the same breath, people would make comments such as:

*"Training programs offered do not often lead to jobs"* but *"you need the diploma to get anywhere."*

*"Go to university"* is the advice they would give to young people, even though it would *"likely result in them leaving."*

*"Gone are the days when grade 12 got you a job"* but *"any number of courses don't necessarily get you a job."*

*"We need higher education to make better jobs but, without those jobs, what's the point of education"?*

It seemed that people recognized the dual-edged-sword nature of education in relation to the survival of rural areas. On one hand, they equated it with out-migration, but on the other hand, they assigned education and training an important role in ensuring survival of their home regions, as reflected in the comments below as well as some of those reported earlier in this chapter.

*"We need for training in the opportunities addressed in the zone's strategic economic plan."*

*"We need to overcome apathy, stimulate hope."*

*"The solutions are rooted in education and training. People have to be able to think about solutions/choices. What can we integrate into training to help with this"?*

*"Education is essential to people's ability to determine their options. People need to get out of entrenched structures, be unorthodox."*

*"Understanding your condition and being able to act on it is an important outcome of education."*
*"Rural Newfoundland cannot succeed without leadership--we need to understand the economy, take the community further. The capacity to do this is enhanced with education."*
*"Is it education and training or is it attitudes that need to change? 'Government will look after us.' People demonstrate, politicians respond. Politicians need to change. The biggest problem is attitude. Education and training can make a dent in shifting attitude."*
*"As in third world countries, use education to enable people to get out of the rut they are in."*

## *Evaluation Findings*

Elite informants were asked about monitoring, follow-up or evaluations conducted to assess the impact (on individuals or otherwise) of NCARP/TAGS supported training. Several of them were aware of various evaluation efforts, and through them I obtained copies of some helpful documents (listed in Appendix 2). The interviews and documents provided the following insights.

### Evaluation Efforts

I noted at the end of Chapter 1 that there has not been a detailed assessment of TAGS-sponsored training (Robinson, 1997; Auditor General, 1997). However, two local evaluations were conducted of counselling interventions and supports associated with NCARP and TAGS, the Choices and I.O.O. programs, and there were two general evaluations of TAGS, a formative (HRDC, 1995) and an incomplete summative (HRDC, 1998) evaluation. These provided some valuable insights. The I.O.O. evaluation revealed some important positive

outcomes, as reflected in the following comment of an outreach counsellor:

> In meeting our goal, I believe we were highly successful. Sometimes, it helps to remember why we decided to take the risk and offer the I.O.O. process....We were responding, for the first time in Canadian history, to an immense human crisis in a manner that put faces on the people the bureaucracy was trying to help (Health & Educational Services, 1994, p. 26).

This report stressed that "most facilitators in the province recognized the change in participant attitude as one of the most significant outcomes of the I.O.O. process" (p. 30). Similarly, the formative evaluation done for HRDC (1996) found that "ABE programs in particular are seen as helpful in building self-esteem, overcoming deficits in formal education, and getting clients started on adjustment" (p. v).

On the other hand, based on feedback from participants in the group initiatives, the Choices report questioned the degree of success the intervention achieved.

> It appeared that the developers and deliverers had their own goals and agendas which they felt would be beneficial and useful to clients in preparing to adjust out of the fishery but these concepts were not reflective of the goals clients themselves had for participating in any of these group processes. Almost all clients who participated in the initiatives attended because they felt forced to do so (p. 2).

Consequently, while the goals stated for the programs were met, for the most part clients "resented their participation and expressed great dislike of the processes generally. Therefore, in program evaluation terminology these evaluations were a success because they met their goals. Yet, if the participants disliked--hated--the process in many cases, was it really a success?" (p. 5).

The 1998 HRDC evaluation study stressed that "the TAGS/HRDC client population presents enormous and unique adjustment

challenges," especially in their low levels of formal education (p. ii). It noted that in Newfoundland in particular "the sheer number of TAGS clients initially overwhelmed available program resources" (p. iii). The conclusions of this study related to education and training include:

- Education is a critical factor in adjustment (p. vii)
- Adult Basic Education may contribute positively to long-term adjustment for hard-to-adjust clients (p. vii)
- Community is a noteworthy influence on adjustment in that community attitudes and traditions appear to be significant influences on client decisions regarding occupational change, education and training, and mobility (p. vii)

**Evaluation Considerations**

Robinson (1997) noted that "there is a wealth of information in the literature and in HRDC's own evaluations of TAGS to begin to put together a better labour market adjustment for fishery workers in the future. What is still missing from the picture, however, is an extensive evaluation of the quality and effectiveness of the training done under the TAGS program" (p. 16). In my research I asked interviewees and reviewed the documents they provided to garner some ideas on what they thought should be included in such evaluations.

The Auditor General (1997) noted that "a single indicator, adjustment out of the groundfish fishing industry, was used to measure results" (Section 16.76). He also pointed out that

> There was no integrated strategic plan to identify and schedule the activities of the organizations responsible for implementing TAGS or to determine the performance indicators to be used, monitored and reported on periodically. Although certain activities were conducted jointly, each organization conducted its own audit and evaluation activities and results were not consolidated (Section 16.88).

He stressed that "important questions that the second evaluation would have raised included: Does income support encourage or limit effective adjustment for TAGS clients? To what extent has TAGS contributed to an orderly transition to employment outside the fisheries sector?" (Section 16.80).

The Auditor General will continue to pay attention to TAGS, with the assistance of HRDC itself, as noted in an internal memo of that Department:

> Following the publication of last year's audit of TAGS, the Standing Committee on Fisheries and Oceans asked the Auditor General to pursue his work on the funds not covered by the audit and particularly to ensure that grants and contribution monies had been used for their intended purposes. To address the request, the Internal Audit Bureau of HRDC accepted to undertake an audit to provide assurance that projects funded under TAGS met the program criteria; were properly managed, controlled and monitored; and that the grants and contributions were used for their intended purpose (HRDC, 1998b, p.1).

The memo stresses the ongoing utility of such an exercise: "...Some work needs to be done, especially related to the management and monitoring of contribution projects....We have the opportunity to apply the lessons learned from this audit in the implementation of adjustment options under the Fishery Restructuring and Adjustment (FRA) measures" (p.1). An Executive Summary of the Auditor General's report, attached to the memo, also notes that "...many success stories were identified of projects that helped fisher and plant workers move to other industries, but which had not been well documented" (p. 2).

HRDC/TAGS administrators made the following suggestions for points to include:

*"We need to establish targets and track ideas--are they working, having an impact, need to be altered? Are concepts being passed on and implemented as intended"?*

*"Things that worked or didn't--best practices, feedback. Focus on the best interests of the client, practical issues."*
*"The effects are long-term, requiring following up where people are in 3-4 years' time. The bottom line in the end is employment--did our intervention result in or contribute to employment of the individual"?*
*"Continual follow-up/monitoring of clients at regular intervals."*
*"Follow up individuals. Through analysis profile individuals: pre-training, then the training they did, then post-training to determine if they are employed, in the area for which they trained, and what were other benefits? Examine individual perceptions and satisfaction."*

Other elite informants involved with delivery of programs recommended monitoring:
*"Attitude change based on what they've done."*
*"Graduate follow-up. Also, why did they retrain? Were they forced to? What impact did that have"?*
*"Did people start a business or get a job"?*

In summary, the statistical evidence I reviewed revealed that the province is a region of sporadic growth, persistently high unemployment, high part-time and seasonal employment, increasing transfer dependency, and declining population size, but it has the potential for economic turn-around. The perceptions of my research participants added detail to that image and further enlightened me as to what is required to successfully move employment beyond the traditional economic mainstay of many communities, the cod fishery. They were concerned about the present state of the economy, in particular about transfer dependency and out-migration. Overall their strongest appeal was for "an integrated approach," with education and training being linked to the myriad of other supports to regional economic development. In Chapters 5 and 6, I discuss the policy implications of these findings.

# CHAPTER 5
# DISCUSSION OF FINDINGS

I began this research by questioning the assumed relationship between human capital development, in the form of education and training, and economic renewal. I looked at the economic situation in Newfoundland and Labrador, the emphasis upon training workers displaced by the cod moratorium and the expectation that adjustment would occur, and I suspected that the desired impact would not happen. The literature I reviewed increased my conviction that the relationship needed further investigation, and led me to hypothesize that it was not simple cause and effect, but a far more complex relationship, potentially multi-faceted and synergistic. I realized that statistical evidence would not provide sufficient information to enlighten me further as to the parts and their interaction in such a relationship, so I settled upon a qualitative research project which yielded the rich mix of data I presented in the previous chapter. I now draw upon that evidence to answer the questions which guided my research.

## *Training and Economic Renewal: Impact Analysis*

In collecting data by means of the various research instruments, I was trying to determine *the impact of human capital development, in the form of education and training interventions, on economic renewal in a region of depressed economy.* To do that, I focused on *the impact of particular training interventions upon the capacity of specific individuals to participate in the labour force of their home communities.* I began by asking four questions, the first two of which were: *What are the education attainment levels and employment rates of the population in a selected region of depressed economy,* and *how do trends in these attributes compare over time with economic growth (or decline) of the*

*region?* The statistical evidence provided by four Canadian censuses over a fifteen-year period told me that, notwithstanding substantial increases in educational attainment levels in the population of both regions I looked at and the province as a whole,

- out-migration of the best educated increased,
- unemployment rose,
- labour force participation increased, but more due to increases in part-time, part-year work than to increased full-time employment,
- transfer dependency increased, and
- GDP fluctuated but showed an increase overall.

I did not find this to be convincing evidence that a simple cause-and-effect relationship might exist, but thought that it could well be consistent with more complex, multifactored influences, especially when I reviewed people's perceptions. Amidst their expressed pessimism and concerns about the future of their communities, especially as related to out-migration and transfer dependency, the research participants expressed hope for economic renewal in their regions. Their estimation of the events that would be required to evoke economic renewal supported my notion of a multi-factored relationship. In fact, they identified a number of contributing factors in addition to education and training, including: community ownership and involvement, opportunity identification, information and awareness, attitude shift, financial support, leadership, infrastructure and other business supports.

My third and fourth questions, regarding *the outcome of education and training programs in terms of impact upon individuals and economic renewal of communities as indicated by labour market attachment or self-employment (entrepreneurship)* and *perceived outcomes of*

*training interventions,* elicited data that confirmed that notion. Although the federal government had aimed for a 50% "adjustment" out of the fishery, that didn't happen overall. As reported in the 1998 HRDC evaluation study,

> While TAGS/HRDC approximated its overall adjustment target in 1996, much of this adjustment has been to another sector of the fishery or by retirement. Only a small proportion has adjusted outside the fishing industry. It is likely, therefore, that if and when the industry re-opens, this large labour force will still be in a position to press for employment opportunities in harvesting and processing groundfish. Under these conditions it is possible that the long-standing problem of over-capacity and excess labour supply in the groundfish industry will be renewed (p. 55).

This report flagged as a potentially significant issue the lack of success in finding alternative employment experienced by those TAGS clients who were "highly adjustable" in that they had "embraced the need to adjust out of the groundfish industry, and have actively prepared for it" (p. 55). Of the 45 learners who participated in my research, only 16 were employed or self-employed outside the fishery, though many more had aspired to be.

These learners also pointed out that employment is not the only outcome of education and training that provides a link with economic development. They noted the importance of increased self-confidence to participate, personal development and attitude change. My research participants stressed that an *integrated approach* would be required to successfully move employment beyond the traditional economic mainstay of their communities, the cod fishery. Their perceptions supported my hypothesis that the relationship required to connect human capital development to economic development is *synergistic*, that is, the parts must be actively engaged to successfully lead to the whole, which then becomes greater than the sum of the parts.

I now returned to the literature in search of further evidence to support this position. As one of my work responsibilities in the Department of Development and Rural Renewal, in 1997 I had investigated the factors contributing to the recent rapid growth of the Irish economy. As noted in *The Economist* (1997), "over the past ten years Ireland has enjoyed an astonishing economic success....Over the past three years the economy has grown at an average rate of more than 7% a year....Miracles do happen you know; look at the Irish economy" (pp. 15-16). I had produced a discussion paper in which I speculated that there had evolved "a synergistic combination of components" which contributed to the "Irish miracle," including:

- the opening of the economy after 1960
- increased foreign investment in targeted strategic sectors
- joining the European Union and accessing European markets
- funding help from Europe for infrastructure and development
- compliance with the Maastricht treaty regarding deficit reduction, resulting in substantial cuts in public spending after 1987
- increased understanding of macroeconomic and competitive requirements for success in global economy
- renewed focus on indigenous industrial development
- strong linkage of economic development interventions to social development interventions, for example the strengthened focus on local development and reducing long-term unemployment

- through the Area-Based Partnerships[11] and the Community Employment[12] programmes
- social partnership contracts[13]
- education and "human capital development"
- "hype," getting the message out, promoting a culture of success and an orientation toward work
- strategic coordination[14]
- the pledge of main parties to keep things moving as they are (Minty, 1997b).

The International Institute for Sustainable Development (1994) also stressed the importance of promoting synergies through community economic development:

> The role of community economic development is to increase linkages among local activities and to decrease leakages. The strategy is to accomplish multiple objectives, include and

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[11] *Partnership companies* have been established in designated "disadvantaged" urban and rural areas under the Local Development Programme as part of the Irish government's "Area-Based Response to Long-Term Unemployment". Their mandate is to accelerate local economic and social development, thereby increasing employment and tackling exclusion and marginalization resulting from long-term unemployment, poor educational attainment, poverty and demographic dependency. They are similar in mandate and structure to Newfoundland's Regional Economic Development Boards.

[12] The Community Employment Programme is the main "temporary employment measure" used by FÁS, Ireland's National Training and Employment Authority, to help disadvantaged marginalized people who have not gained employment through the economic growth the country is now experiencing. Sponsors of the community employment projects include community/ volunteer organizations and local authorities carrying out work of social and economic benefit within the community. It acts as an important vehicle for economic and social development within the Partnership Areas.

[13] Since 1987, collective bargaining and income developments in Ireland have been conducted within an ongoing strategic framework negotiated by the "social partners" (government, business, labour and farm organizations) to explicitly link agreements on wages to agreement on the evolution of taxation, social security, social equity, public finances, exchange rate, monetary policy and curbed inflation.

[14] One important avenue is provided by thirty County Strategy Groups, which are facilitated or brokered by field staff from a Liaison Team in the Prime Minister's Department. They coordinate "on the ground" the activity of the various regional development players.

> empower the greatest number of people, and strengthen economic competitiveness....Community economic development strategies recognize the need to strengthen entire systems, not just component parts. They promote cooperation and mutually beneficial relationships among public, private and community interests. With a focus on development that empowers marginalized communities and individuals, successful community development efforts incorporate a multi-functional approach. They provide or facilitate equity investment; lending accompanied by technical assistance to borrowers; human resource development; and research, planning, advisory, and advocacy services (p. 35).

McRobie (1994), comparing interventions in Canada and Britain, observed that success in developing local economies depended upon certain essential contingencies, including:

- the community participated in setting the objectives for development and drawing up plans
- there was agreement about which sectors of the local economy could be developed, and identification of the assistance that might be forthcoming from government, business, unions, and so on
- adequate capital funds were mobilized from various sources
- training was recognized as an essential component of local development
- incubators and business advice were available
- alternative structures were encouraged and supported, such as worker ownership, community businesses, voluntary organizations
- plans included ways of recycling local funds and not allowing them to leak out of the community
- government was persuaded to provide both income support and permanent community-controlled grants
- higher education institutions linked up with community to offer training and research (p. 21)

McClelland and Winter (1971) noted the existence of ample evidence that economic development does not always and everywhere proceed

according to predictions made from rational economic development theory which holds that people seek to maximize their interests and will change their activity to correspond with incentives and/or constraints to their situation. They added another dimension to the conditions required, achievement motivation, to account for the differences in response to similar conditions. They suggested that "motivation is an important variable which has to be taken into account in policy as well as theory, if we are to understand the way in which situations and incentives can affect behavior" (pp. 20-21). They argued that changing incentives alone can encourage economic activity only if the "target population" (entrepreneurs, managers of public enterprises, and the like) have the appropriate interests, strategies, time perspectives and perceptions, otherwise incentives would not be successful agents of economic change.

Spilling (1985) examined local economic development strategies in Nordic countries, noting the interdependence between material structures and human activities. He stressed that strategies aimed at "regenerating the local economy" must be "very ambitious and include a variety of different schemes." He also concluded that, because local economic activity is deeply rooted in the local context,

> Regenerating the local economy includes much more than just promoting the establishment of some firms. Successful local economic development requires the development of different linkages and networks as well as the development of attitudes and behavior in order to create a more entrepreneurial climate. In fact, the regeneration of a local economy will involve social structures as well as material structures. Ultimately, it will involve the creation of a new way of life (pp. 38-39).

My findings and this literature indicate that education and training while necessary to economic development in the long term are not sufficient to evoke economic renewal in isolation from other essential components of an intergrated package. My research participants discussed a

number of interventions which they felt would be integral to such an integrated approach to stimulating local economic development, including: promoting community involvement, building capacity, assigning leadership to the Regional Economic Development Boards, and linking training with other supports. The literature I cited above suggested other factors as well, and as I reviewed the findings and the literature, it became evident that perhaps the most important, overarching consideration was that the factors be coordinated, integrated in a meaningful way. There is a need for careful planning and development of a strategy to identify and link locally appropriate elements. As noted by the Auditor General (1997) of TAGS implementation:

> Great care in planning a strategy of this magnitude was needed to ensure that its objectives were reached. Because a number of stakeholders were involved and their activities were often joint or complementary, the different components needed to be carefully coordinated....Despite numerous consultations, the stakeholders did not necessarily have the same timetable. The coordination framework was inadequate (Section 16. 91).

## *Role of Education and Training*

My research participants identified education and training as essential components in development of their regions--to understand their conditions, change attitudes, develop community leadership, and prepare for strategic opportunities--but they also lamented the loss of trained people from their communities. They recognized the need to link training with other supports and to local employment development. They wanted more targeted, flexible, practical training linked to the planned development of their communities, sustainable long-term job creation and business development.

If we are to proceed along such a route, there are a number of key questions which must be addressed, including: What is the role of

education in preparing people to participate in the economic development of their communities? Is it for broadly-based democratic participation and cultural empowerment? Does that mean we should focus upon functional literacy for everyone? Is it for labour force participation? Does that mean we should focus upon specific training for entrepreneurs and workers? Can we expect education and training to provide innovative solutions to economic development problems? Again, I returned to the literature to further explore these ideas.

In the Appalachian Region of the United States, an assessment made in 1966 indicated that the region could not provide an adequate supply of labour to meet the demand of job opportunities in the labour market should the region become more attractive. Its population did not possess the skills and training required. Local authorities decided that the logical first step would be to offer specialized training programs, rather than basic education, to fill the gaps that existed and provide the labour force with necessary skills. The second phase of their plan focused greater attention on the vocational aims of education in relation to the needs of the region. It integrated civic, general, vocational, and adult education in an attempt to provide complete education rather than training only for specific jobs (OECD, 1979b, p. 29).

Whether or not this plan had the desired impact is questionable, however, because fifteen years later Merrifield, White, and Bingman (1994) were describing an Appalachian "Community in the Classroom" project which demonstrated that "literacy is an integral part of community development, and that meeting individuals' literacy needs can be done in a way that also supports and builds their involvement in community issues." They maintained that "literacy can build communities," stressing that if education is to be the "ticket in" rather than the "ticket out" for rural communities, we must make education

"an integral part of community development," rather than simply preparing people for their place in "business as usual." They stressed that "if we believe that it is not enough to educate people to compete for the same limited number of not-very-good jobs, then we *must* pay attention to what else education can do for our society....If we want to hold on to our rural roots, then we *must* focus attention on building and rebuilding communities" (Merrifield et al, 1994, pp. 311-312). They pointed out that

> Such community-based approaches to education are very different from the traditional. These groups are saying that our communities need educated people who will stay, in order to develop the economic, social and political life of those communities. They see education as an investment in human capital which will pay dividends for their communities. In order to start local businesses, to create jobs, to market craft products, to staff a day care centre, people need better education. Education for them is not the "ticket out", but the "ticket in"--to develop the community and to develop leaders who care about their community and will work to resolve its problems (Merrifield et al, 1994, pp. 306-307).

Spilling (1985) described a practical Norwegian example, a joint venture which was a "major driving force" behind the development of full-time courses in microelectronics at the local high school. He described how the school operated in close cooperation with the joint venture and its member firms in running the courses, the students carrying out project work--"real projects" aimed at improving products or processes, in local manufacturing firms. Similar contact and cooperation was established with a regional engineering college (p. 28).

The Irish National Economic and Social Council (1996) described human capital growth since 1960 as "one of the key planks of social and economic development" which "enabled Ireland to adjust with some success to the rapid structural transformation of the economy" (p. 30). Ireland deliberately increased investment in the provision of

education, making secondary education free in 1967 and abolishing fees for undergraduates in publicly-funded third-level colleges in 1995 (Department of Enterprise and Employment, 1997, pp. 38-39). While boosting investment to encourage overall participation in education and training, Ireland has also attempted to integrate training, employment and enterprise development by locating the three within the department and agencies for which the Minister of Enterprise and Employment has responsibility. Its Industrial Development Authority (IDA Ireland) works with the government and with the Higher Education Authority to make sure universities and colleges are producing graduates with the skills needed by the growing industries it has attracted into the country, such as the combined technical and multi-language skills required by multi-national companies trading with Europe.

However, while successful at churning out technical graduates matched to inward investment strategies, like Appalachia Ireland is still wrestling with large pockets of long-term unemployment in both urban and rural marginalized populations. Training interventions are a significant component in Irish strategies aimed at increasing participation of the long-term employed both in the private sector and in community employment projects sponsored by volunteer organizations and local authorities to carry out work of social and economic benefit to the community.

Rubenson (1987) reviewed the role of adult education within various job creation alternatives, and observed that there are two main streams in this development--entrepreneurship and co-operatives.

> The new economics treats entrepreneurship as one of the pillars of the capitalistic philosophy. The aim of adult education in this situation is, stated somewhat simply, to equip the individual with the skills with which to become as successful as possible in terms of (a) creating and maintaining the job and (b) making as high a profit as possible (p. 95).

Rubenson noted that the education required for running a co-operative involved imparting both philosophy and instrumental skills, and argued that "the present provision for adult education is better set up to serve an entrepreneurial than a co-operative approach to alternative economic development" (p. 97).

Co-operatives of various sorts, such as the Goat Farmers' Cooperative I included in my research, could be viable business development alternatives for many communities in Newfoundland and Labrador, and local educational institutions could take an active role in their formation and ongoing support. Rubenson (1987) felt that "if a stronger emphasis is to be put on co-operative adult education a great deal of consideration must be devoted to an analysis of the possibilities to use and/or alter the present provision of adult education" (p. 97).

Another type of work transition or job creation mechanism in which postsecondary institutions could consider involvement is the "training business," defined by Fontan (1993) as a non-profit organization that combines the social objectives of job training and vocational training with the economic objectives of the production of goods and services. These training businesses are used to strategically target individuals (young people and adults) who have experienced repeated failure and who are in an unstable situation (loss of rights, no income, homeless, no job experience, marginalized or becoming marginalized). With the exception of the business' permanent structure, the individuals undergoing training are employed for a specified period of time (the average is nine months) to develop skills and gain experience.

As I noted in Chapter 1, Newfoundland and Labrador now has a well-developed education system. However, as Quarter (1992) concluded, it is difficult to predict whether or not an education and training system

can be a source of innovative solutions to economic problems. Based on its past contributions, schooling "seems to mirror the social relations of the society of which it is part. Its capacity to reproduce the existing conceptions seems greater than its ability to project images and to develop skills which would push back the frontiers by experimenting with alternatives" (p. 176). Nonetheless, the province's education system has, in its foundations and recent developments, the potential to provide a continuum of learning experiences which could link with many of the contingencies introduced above.

## *Accountability Framework*

My research findings revealed that, while there was no extensive assessment of the impact of training sponsored by NCARP and TAGS, there were formative evaluations which indicated that the programs made positive contributions to attitude change and personal development of the people involved. Unfortunately, as noted by the Auditor General (1997), with the abandonment of evaluation efforts, there will be no clear answers to questions about the long term impact of TAGS.

> It will not be possible to draw useful lessons for future programs. Information to account for the money spent will not be available, and it will not be possible to determine the extent to which TAGS objectives were achieved. We are concerned that the information gathered in the initial phase and the lessons learned might be lost and the results remain unknown (Section 16.80).

The Auditor General recommended that, should another strategy that involves a number of federal organizations be adopted, the government should consider instituting formal measures to ensure accountability for the strategy as a whole. Human Resources Development Canada agreed with this recommendation, pointing out

that the accountability framework now in place for Employment Insurance Part II[15] reflects HRDC's commitment to this principle.

However, this accountability framework developed by a federal-provincial Joint Evaluation Committee[16] in 1998, is focussed more on outcomes for individuals than on economic development impacts. The short-term results measures identified are: the number of clients who return to work and the concomitant savings to the EI account by virtue of unpaid benefits. The long-term results measures are: how much time participants spent employed, participant earnings, how much participants received in EI benefits, amount of taxes paid by participants as a result of increased earnings, and the extent to which employment and EI benefit gains can be attributed to being a participant. Local economic development is considered to a small degree within the evaluation issues categories identified in the framework--relevance[17], design and delivery, and success--and within the questions proposed under the first of these three categories, specifically: To what extent are the Part II initiatives relevant to the needs of communities?

Perhaps the most significant definition of the "needs of communities" has actually occurred by virtue of SRDA support through the economic zone process and the creation of zonal strategic economic plans. The accountability framework developed by the SRDA Monitoring and

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[15] As described in Chapter 1, the Employment Act Part II provided for the range of active Employment Benefits and Support Measures (EBSM) negotiated under the Labour Market Development Agreement (LMDA), aimed at getting people back to work as quickly and efficiently as possible. These include: Targeted Wage Subsidies, Targeted Earnings Supplements, Self-Employment Assistance, Job Creation Partnerships, and Skills Loans and Grants.

[16] I am a member of this committee.

[17] "Relevance" is defined as: matched to the individual needs of unemployed individuals, directed towards labour market opportunities, and/or directed towards supporting local economic development.

Evaluation Subcommittee[18] (1997) focused largely upon economic outcomes, but it did make provision to consider human capital development as one of the four "areas of impact" to be monitored.

The SRDA framework for monitoring the performance of the economic zones and evaluating the impact of the process upon regional economic development within Newfoundland and Labrador made provision for:

- collecting aggregate economic development data to portray the state of the province's and each zone's economy
- tracking inputs identified by government and REDBs to implement zonal strategic economic plans
- tracking outputs or strategic activities proposed in zonal plans
- tracking outcomes of those strategic activities in terms of their effectiveness in attaining the goals and objectives put forth in zonal plans

The SRDA framework identified four "socio-economic constituents" of economic development which might be influenced by inter-related interventions aimed at increasing prosperity of people in the economic zones: job creation to generate employment income, economic diversification and sectoral growth, human capital development, and investment of public and private funds. It put forth questions to guide identification of indicators to measure progress and monitor the impact of interventions. The questions related to human capital development cover the extent to which there has been human capital development, the extent to which REDBs and their government partners have coordinated social and economic initiatives related to economic development, and the extent to which objectives, targets and initiatives outlined in zonal SEPs involved human resource development.

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[18] I am also a member of this committee.

However, SRDA is now winding down. Its summative evaluation will be completed by the end of 1999 (though the economic zone process will just be gaining full momentum). There is a need for a clear accountability model or framework to guide the ongoing contribution of education and training to economic renewal of the province, especially in light of the social and economic integration theme put forth in the province's strategic social plan and the introduction of "post-TAGS" funding under the federal Fishery Restructuring and Adjustment Measures (FRAM) focused on "long-term human resource and community economic development strategies that equip individuals and communities with the skills and assistance they need to prepare for life beyond the fishery" (Government of Canada, 1998).

Yet, as discussed earlier, measuring the contribution human capital development makes to regional economic development will continue to be a challenging exercise because of the multi-dimensional nature of the relationship. Evaluation of impact can depend upon the objectives assigned to the education system, the scope and meaning of "regional" economic development, and the relationship between central and regional decision-making authorities. Gathering data raises a number of considerations related to indicator selection. An immense amount of aggregate statistical data is already collected on trends in educational attainment, labour force participation, and economic performance. However, selection of indicators to use as evidence of the contribution of education and training to economic development will be complicated if, as I maintain, the relationship is not simple cause-and-effect but a type of synergy, dependent upon the bundle of contingencies involved. Potential outcomes of such a relationship could include:

- Interventions focused solely on increasing education levels of population may have an impact on economic growth, that is,

- low education levels may be observed in combination with high unemployment rates and low economic growth, but
- high education levels may also be associated with high unemployment rates and low economic growth.

- High levels of transfer dependency and/or short-term job creation may retard adjustment and suppress economic growth, even in the face of rising education levels.
- Integrated interventions focused on increasing education levels in combination (and coordinated) with interventions directed toward stimulation of entrepreneurship and/or long term job creation may stimulate economic growth and lower unemployment rates.
- Effective integration of interventions may depend upon government/ community distribution of planning and decision-making responsibility.

If the relationship between education and other components of regional economic development can best be described as "synergy", then we must find a *process* which will allow us to identify multiple indicators to paint a picture of all the locally-pertinent components. Chapter 2 described a four-stage empowerment evaluation model that comprised taking stock, setting goals, developing strategies, and documenting progress (Fetterman et al, 1996). Given the issues revealed by of my research, this seems to be an appropriate model to guide our analysis.

**Taking Stock.** Chapter 4 presented statistical and descriptive data on educational attainment and the state of the economy in the province and the two localities I studied. Information which defines the baselines we seek to alter is available through many sources including Statistics Canada, the Newfoundland Statistics Agency (Department of

Finance), the Department of Education, Human Resources Development Canada, the Atlantic Canada Opportunities Agency, the Department of Development and Rural Renewal. Areas upon which we must have an impact include: unemployment, transfer dependency, job creation, labour force participation, out-migration, diversification, human capital development, investment, and attitudes toward economic potential. The Strategic Social Plan also makes provision to "build a baseline profile of the province's population against which to measure change and progress" in three "key outcome areas": well-being, employment, and economic security and community stability (p. 36).

**Setting Goals.** Based on both research and rhetoric, increased employment is a pervasive theme in everyone's estimation of what is required to renew the economy in rural Newfoundland and Labrador. There are various, broad statements of goals for social and economic strategies in the province, for example:

- The early HRDC (nd) implementation strategy for TAGS declared the following objectives: "to implement a process which will integrate Individual and Community Adjustment; to develop a process which will be responsive to the needs and realities of individuals and communities; to ensure the creation of a training environment which will expose individuals and communities to a process and information which will identify new opportunities and the understanding of the need for a new reality; to provide a dynamic which will permit the development of new solutions and the continued support which will bring them to fruition; to ensure all partners bring their expertise and support to this process and are responsive to the needs of individuals and communities" (pp. 2-3).
- The newly-announced FRAM strategies for long-term human resource and community economic development strategies are

intended: to assist individuals to become self-employed and to provide practical work experience and training to develop new skills; to help people willing to move to find new employment opportunities; to improve the investment climate for the private sector; and to invest in competitiveness and innovation by assisting small and medium sized businesses and supporting strategic infrastructure initiatives (Government of Canada, 1998).

- The Strategic Social Plan set the following strategic goals: vibrant communities where people are actively involved; sustainable regions based on strategic investment in people; self-reliant, healthy, educated citizens living in safe communities; and integrated and evidence-based policies and programs (p. 23).

**Developing Strategies.** As I noted in Chapter 2, action is the first inclination of individuals, governments and communities in times of economic crisis. All exhibit an impatience with taking the time required to engage in careful planning. In the past, there has been no shortage at all of programs and actions quickly prescribed with the best of intentions. The present shift, however, is toward deliberate development of strategic action based on evidence and desired outcomes. My research revealed some clear directions regarding the types of intervention required. The Strategic Social Plan, in fact, addressed all of them in the strategies it proposed.

**Documenting Progress.** The difficulty, in terms of accountability, is to identify appropriate indicators to document the impact of strategic interventions on attainment of goals, and then to collect and analyse the data required as evidence of impact. Just as practitioners are

impatient with taking time to plan initially, they are inclined to resent the amount of effort required to monitor results, preferring instead to invest their limited time and resources in action. This is especially the case if there is no clear connection between what is intended to be achieved, what is done, what happens as a consequence, and whether this actually contributes to attaining the desired results. As Savoie (1992) lamented, "there is probably no other field of government expenditure in which so much public money is committed but so little is known about the success of the policy" (p. 3).

If education and training are part of a broader, integrated approach to economic development, then indicators of the full socio-economic picture must be considered. For example, Higgins and Savoie (1995) gave the Appalachian Regional Commission credit for significant improvements in living standards and productivity to the Appalachian region during its twenty-seven years of operation, based upon the following indicators: "roads were built, health and education standards were raised, houses provided, unemployment reduced, and--perhaps most important of all--the population was infused with a new sense of hope and pride, and provided with a new image" (p. 224).

The Strategic Social Plan introduced the notion of a "social audit" to determine "what's working, why and for whom."

> Social auditing is a process through which the effects of policy and other social conditions on people are analyzed. It goes beyond traditional accounting methods which focus on financial costs and benefits, and makes Government accountable for instituting policy that meets the needs of the public, and for doing it effectively (p. 33).

The Plan made mention of developing a measurement framework in cooperation with regional partners (p. 35). This is an important consideration, as the plan also made provision for regional partners to

"develop a coordinating mechanism among boards and an implementation strategy which reflects regional priorities" (p. 32). An empowerment evaluation *process* which engages the stakeholders in each step along the way, from taking stock to setting goals, developing strategies and documenting progress by identifying indicators and collecting data may be the best bet for ensuring success in integrating social and economic development.

# CHAPTER 6
# CONCLUSIONS

> *The world economy is functioning too badly to contemplate just leaving it alone* (Higgins & Savoie, 1995, p. 404).

My research and reading lead me to conclude that education and training can make an effective contribution to economic renewal of a region struggling with a depressed economy, but only as part of an integrated package of strategic interventions. I am not, by any means, the first to put forth such a conclusion. In its final report, the Royal Commission on Employment and Unemployment advocated an integrated strategy to "gear up and harmonize" the various institutions to achieve a "balanced, multi-sectored society, with strong sophisticated urban and rural communities, with both goods-producing and service industries, all linked together in an integrated society which will itself be integrated with the larger Canadian society" (RCEU, 1986a, p. 10). As I see it, however, *the challenge we now face lies in making that happen.* We have the various parts we need to assemble, but if we accept that the relationship is synergistic, the question becomes ***how*** *do we create the synergy?*

## *An Integrated Approach*

In Chapters 2 and 5, I listed and described a gamut of interventions that might be considered as elements in an integrated approach to development. In Newfoundland and Labrador, we are already engaged in many of these activities. However, by virtue of the split in jurisdictional powers between federal and provincial governments, the limited mandates of traditional line departments--such as the departments responsible for education, income support and economic development--and the lack of coordination between the various

players, governments have typically intervened in an ad hoc or "scatter gun" manner. If we are to successfully put the pieces together, we must all understand what they are and how they can fit.

Thus far in my thesis, I have divided interventions into two types: those aimed at developing individuals (human capital) and those aimed at developing the economy. Within the second category, I drew attention to the significance of developing community as well as economy. I now deem it important to draw this notion out as a third component in my conceptualization of what is required to implement an integrated approach. Figure 5 below illustrates this concept by means of a third ellipse in the overlay, to represent community-focused intervention.

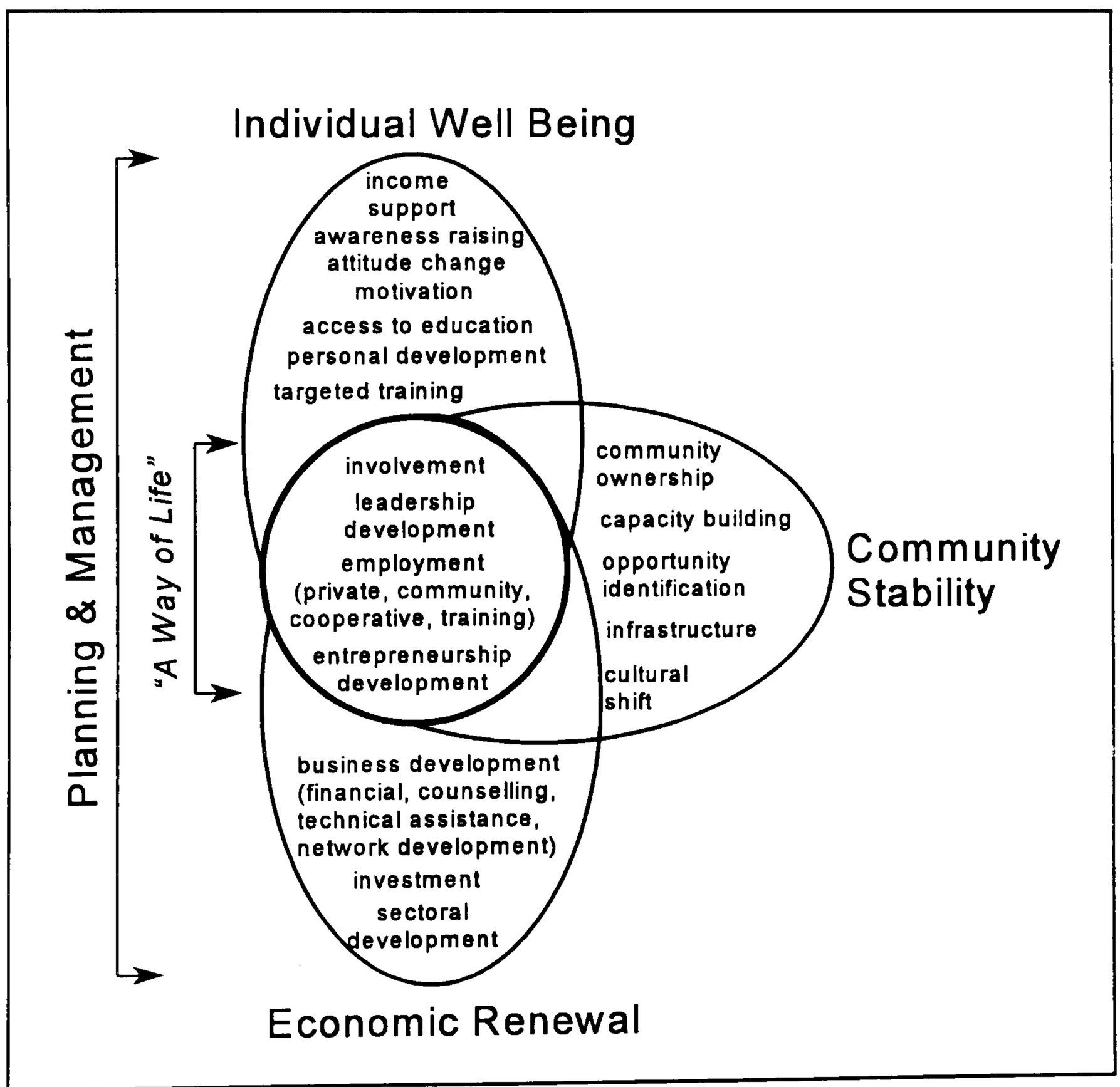


**Figure 5. Integrated Intervention Framework: An Articulated Ideology**

Our goal, in fact, is to achieve what lies within the circle at the centre of the diagram, a new "way of life" by using the three types of intervention in concert, to stimulate the development of "social capital."

Evoking prosperity of a distressed region is contingent, I believe, not only upon renewing the economic base as a source of employment and wealth generation, but also upon ensuring the well-being of individual people and the stability of their communities. The Strategic Social Plan (1998) recognized the need for a new social policy framework founded on a concept of social development "which acknowledges the essential roles of individuals and communities in fostering social and economic well-being" (p. 8). However, ensuring that the three types of intervention are both supported and coordinated to achieve the maximum advantage will require deliberate planning and management over the long term.

**Economic Renewal**

The provincial Strategic Economic Plan (1992) and the mandates of various provincial and federal agencies have provided for many types of supports to business, sectoral and regional development. In fact, we have experienced decades of centrally-originated, "top-down," regional development attempts which, while providing us with national standard services, have not resulted in sustainable economic development of Newfoundland and Labrador, and we are not alone in this experience. Higgins and Savoie (1995) observed that both market and socialist economies operate in such a way as to create regional imbalances. They pointed out that, given these intractable regional differences, in any parliamentary democracy there are bound to be "strong political pressures for government intervention to redress them," and yet

> After 27 years, the Appalachian Regional Commission has not closed the gaps between their region and others in the United States....Australia, self-styled the "lucky country", nonetheless has extremely high rates of youth unemployment in some regions, which contribute to the world's highest rate of youth suicide. There are no macro-economic policies which can provide solutions to problems like these (Higgins & Savoie, 1995, p. 395).

Economic interventions aimed at stimulating job creation in Newfoundland and Labrador have been mostly of two types: those concerned with short-term employment of individual people to permit access to the UI system, and those concerned with providing financial and other supports to individual businesses, large and small. By and large, job creation and business development were not connected to sustainable development of community or region, nor have they resulted in reduction of long-term unemployment. At a national level, interprovincial migration has been considered a practical labour market adjustment mechanism. And yet, rural decimation has often been the consequence. As Morgan (1994) cited of similar patterns in Wales, movement of displaced workers in search of work can lead to the "suicide" of communities and "leaving areas derelict which ought not to be left derelict" (p. 12). As well, as Higgins and Savoie (1995) advocated, "the economic and social costs of movement are extremely high. So why not create jobs for people where they are, and for which they are qualified?" (p. 396).

In 1992 the provincial Strategic Economic Plan made a start on that process by providing for the creation of the economic zones and for various interventions aimed at stimulating sectoral development. The economic zone process is proceeding largely as planned, and government has indicated it will be releasing a new economic plan within the coming year. If the type of integrated approach I have described is to be achieved, it will be essential that the new economic plan build upon and complement the goals of the Strategic Social Plan.

## Place

> Government's approach to economic development, its *Growth Agenda*, is rooted firmly in the regions and communities through the Economic Zones. In the social sector, however, Government and other service providers have tended to focus programs on delivering services to individuals, often in isolation from the larger context in which they live. This approach does not consider the many factors which may be contributing to these problems, nor does it consider opportunities which may exist within particular regions and communities for solving them (Strategic Social Plan, 1998, p. 8).

In theorizing about regional economic development, Higgins and Savoie (1995) were adamant that *space* plays a vital role in economies. They maintained that people become strongly attached and loyal to places where the pull of family, friends, institutions, landscapes, and climate is strong, and the familiar provides a general sense of belonging and of knowing how to behave in that particular society. Because of this security, mobility cannot be costless, instantaneous, painless, or the straightforward labour market adjustment mechanism predicted by economic theory. "Many people have a passionate desire to go on living and earning their living where they are; and that desire is a factor that must be given its proper weight in the calculation of the impact of any policy on the welfare of a particular society" (pp. 7-8). The HRDC (1998) evaluation study found that "community is a key factor in adjustment" (p. 62).

Spilling (1985) also noted the importance of place to people when he reviewed various local economic development initiatives in western Europe, particularly in the Nordic countries. "The rationale behind the many local initiatives is quite obvious. People living in a local area are concerned with their own future. The great majority often tend to be reluctant to move to other areas in order to get jobs. In particular when the prospect of getting jobs somewhere else is rather limited, there will

be a strong demand for some kind of action in order to create new jobs in the local area" (p. 1).

The economic zone process represents a new approach in Newfoundland and Labrador to long-term job creation, entrepreneurship stimulation and business development. More importantly, through the zonal strategic planning process, it provides the mechanism to link the identification of opportunities to capital generation, provision of physical infrastructure, and development of the human resource capacity required to implement the plans. As noted in the Strategic Social Plan (1998), "shifting social development to a place-based approach will help to integrate social and economic development by matching social investment with current community and region-based development approaches" (p. 8). If we are to deliberately forge strategic links between human capital development and economic renewal, the stability and growth of the place must be a significant component of the outcome.

**People**

The problems of the economy cannot be separated from the lives of individual people or the context of their home communities. As HRDC (nd) noted of the decline of the northern cod fishery,

> Although this crisis is an opportunity for thousands of fisheries workers and hundreds of communities to discover new lasting solutions for the future, it cannot be accomplished without recognition of the realities of the people affected. An attempt to impose the realities of an industrialized society and its definition of work on people who have for many years succeeded upon a combination of minimum weeks of work (by our definition) and federal transfer payments will not permit adjustment to a significantly different reality. We cannot also expect, even if everything is done correctly, that change will be quick and enduring (p.1).

In its local evaluation of the Choices program, HRDC (1995) stressed that the problems most identified by their clients who were displaced by the cod moratorium included: abandoning a long-entrenched way of life, abandoning homes which they built themselves and did not own mortgages on, abandoning extended family networks and social circles, envisioning years of academic schooling long-remembered as an unfavourable experience and uprooting children and themselves to the foreignness of larger industrial centres to avail of greater employment opportunities. HRDC recognized that "nowhere in the design of the adjustment program itself is there a plan to assist clients resolve these problems" (HRDC, 1995, p. 4).

In effect, for many people in rural Newfoundland and Labrador, what we are proposing is a new "way of life." As provided for in the Strategic Social Plan (1998), we want to ensure their personal well-being in terms of health and safety, but not by means of dependence on transfer payments rather than employment income. We want to evoke both individual and collective self-reliance by creating sustainable jobs as a source of earned income. For many people and communities this will mean awareness raising, attitude change, cultural shift and development of the skills required to participate in the labour market and development of communities. As HRDC (nd) prescribed,

> An educational process therefore, which will see people wanting to participate of their own volition, needs to be developed and implemented. This educational process must also expose individuals to information which will create positive buy-in to economic opportunity for which they can prepare and develop themselves through meaningful work/learn experience. This work must be integrated with innovative education and training appropriate to individual needs. This strategy must equip people for the jobs, both direct and indirect, which will be created (p. 1).

Government alone, albeit with the best of intentions, cannot effectively solve the problems of individual persons, or their communities, without the participation of those with most to lose.

## Strategic Planning and Management

Strategic planning and management is not a new concept for governments to employ to promote development. For example, Morgan (1994) observed that the report of the British Royal Commission on the Distribution of the Industrial Population, released in 1940, used the principles of planning as "the modern approach to economic and social questions" (p. 12). For decades, governments of many countries have released development plans at regular intervals. However, they have not been prominent guides in the history of economic development intervention in Newfoundland and Labrador. In the past regional economic development activity in the province, as in other parts of Canada, was frequently political, pragmatic, parochial and ad hoc. Widespread strategic planning is a relatively new phenomenon in the province, which has been only recently focused upon regions, communities and people as well as sectoral development, as evidenced by the Strategic Economic Plan (1992), the CED Task Force Report (1995) and the Strategic Social Plan (1998).

Strategic planning was a recurrent theme in the CED literature I reviewed in Chapter 2. However, the type of planning process advocated in that context was not the typical production of a plan by a few "experts," but rather an "open discussion amongst all interested citizens, leading to consensus" at the community level as described by Higgins and Savoie (1995). These authors assigned such experts the role of resource persons, joining in such discussions when asked. They suggested removing, as much as possible, "the responsibility for planning and implementing regional development measures from the hands of bureaucracies, particularly those in central governments" (p. 403). The Atlantic Provinces Economic Council (1993) advocated that "a planning process (whether a crisis plan or a strategic plan) can be the most effective way to increase participation, and include social

development goals in general," and noted that "both process and results, and economic and social development can benefit if the community is properly educated about the purpose of the planning process" (p. 50).

This type of strategic planning process was followed by each of the Regional Economic Development Boards to lead people to define a common vision as a first step, then help them to identify goals to attain that vision. Goals were divided into measurable objectives, achievable through set targets and tangible projects. The intent was that detailed planning of this sort would enable strategic management of each zone's economic development. The challenge now is to make sure that the plans work, that they are actually used as intended. This stage of moving from creating plans to implementing them is a crucial turning point. It is a time when the process can easily disintegrate if it does not receive nurturing support, capacity building, facilitation and brokering of networks of key players. As noted in the Strategic Social Plan (1998), the “shift to place-based development approaches will require strengthening existing regional and community capacity and resources” (p. 9).

Higgins and Savoie (1995) stressed that the changes evoked by devolution of power to local structures to manage economic development requires the addition of such support mechanisms. They felt that regional management would require "expertise of a sort that the ultimate beneficiary does not normally have, but which is needed to assure that the decision or choice is truly rational, and that the welfare of the beneficiary is protected to the maximum possible degree." Several changes they noted in this approach to economic and social policy and planning were:

- decision making by elected representatives of the people would be replaced whenever possible by collective decision making by groups of the people themselves
- rather than acting as advisors to governments, professional planners would serve as expert consultants to the target populations, and government's role would be to resolve conflicts (as referee or judge) among various target groups
- a set of norms or targets relating to major aspects of welfare of the region's target populations would replace market prices of goods and services in the measurement of benefits and evaluation of projects involving collective choice and, in so far as possible, the selection of those norms and their weighting would be done by the target populations themselves (p. 401).

May (1993) stressed that "the real challenge facing rural Atlantic Canadians is not identifying the problem but instituting the framework and process under which change can occur" (p. 24). As Higgins and Savoie (1995) put it, "one of the major conclusions that emerges from study of the development problem is that for any society to develop rapidly it must have an articulated ideology, which most people in the society accept, and which simultaneously provides a basis for unifying the society and a framework within which development can take place" (p. 346). Given my research findings and literature review, I believe that Figure 5 illustrates such a framework.

In Newfoundland and Labrador there remain very few hurdles to keep us from making the connections we need. Our goals are clear. The economic zone process has been declared the province's platform for regional economic development, and is well under way. The Strategic Social Plan makes provision for the integration of economic with social development. Regional boards with responsibilities for economic development, education, health care and community services have

been invited to play a role in identifying appropriate solutions to local social and economic problems. What remains is to nurture this role into full bloom.

## *Policy Implications*

> Virtually every less developed region in the world is in that unhappy condition partly because it has been a victim of an ill-construed policy, and partly because private enterprise and the free market have not operated in such a way as to make the region more highly developed. Market failure and government failure interact in a cumulative fashion, each compounding the other in a kind of feedback mechanism, so that it becomes difficult to disentangle the two, and to allocate the blame for regional failure. But difficult or not, we must try to do it. There is no other way of arriving at effective policies for dealing with disadvantaged regions (Higgins & Savoie, 1995, p. 143).

Higgins and Savoie (1995) were adamant that "any government that really wants development can have it" (p. 147). However, the approach they advocated was clearly premised upon management by devolution of decision-making authority and power to local structures.

> In practice the activity of management ultimately boils down to the identification and evaluation of projects, and bundles of projects, which absorb resources and produce results of value to the social group for which planning is done.... As much as possible of the basic analysis, formulation of objectives, planning, policy formulation, decision making and implementation should be carried out at the community level, with maximum participation of the target population itself (p. 401).

Savoie (1992) warned that "government officials will invariably argue, however, that control must remain in their hands, because otherwise chaos might result" (p. 261). It is ironic that devolution of planning and implementation authority to local structures cannot work without the cooperation and support of the very government bureaucracy which is unaccustomed to operating in this manner. It requires a huge

paradigm shift--from central control to flexible, coordinated support for local decision making. The Strategic Social Plan (1998) wrestled with this issue, and tried to resolve it by promising that "Government will delegate certain authorities but it will continue to retain the means for ensuring that its responsibilities are fulfilled and accountability is maintained" (p. 15). It is imperative that Government come to terms with this dilemma and provide strong internal leadership to change the government role in local development. By becoming supporters, coordinators and brokers, government bureaucrats can turn chaos into ordered flexibility. The Irish government created a Liaison Team within the Prime Minister's Department to fill this function. Similarly, the Strategic Social Plan (1998) has assigned the Social Policy Committee of Cabinet the task of providing strategic direction both internally to government departments in their business planning processes and externally to strengthen capacity within regions to support community action and coordinated effort toward the Plan's desired outcomes (pp. 15-16).

My research findings are particularly germane to the Social Plan's second goal: "sustainable regions based on strategic investment in individuals, families and communities." To achieve this goal the Plan prescribes various actions, including:

- developing a human resource strategy focused on preparing people to participate in long-term development strategies for each region as entrepreneurs and employees
- making strategic investments in education and employment programs
- taking into consideration zonal strategic economic plans.

These actions are consistent with my research findings regarding the need for training linked to other components in an integrated approach

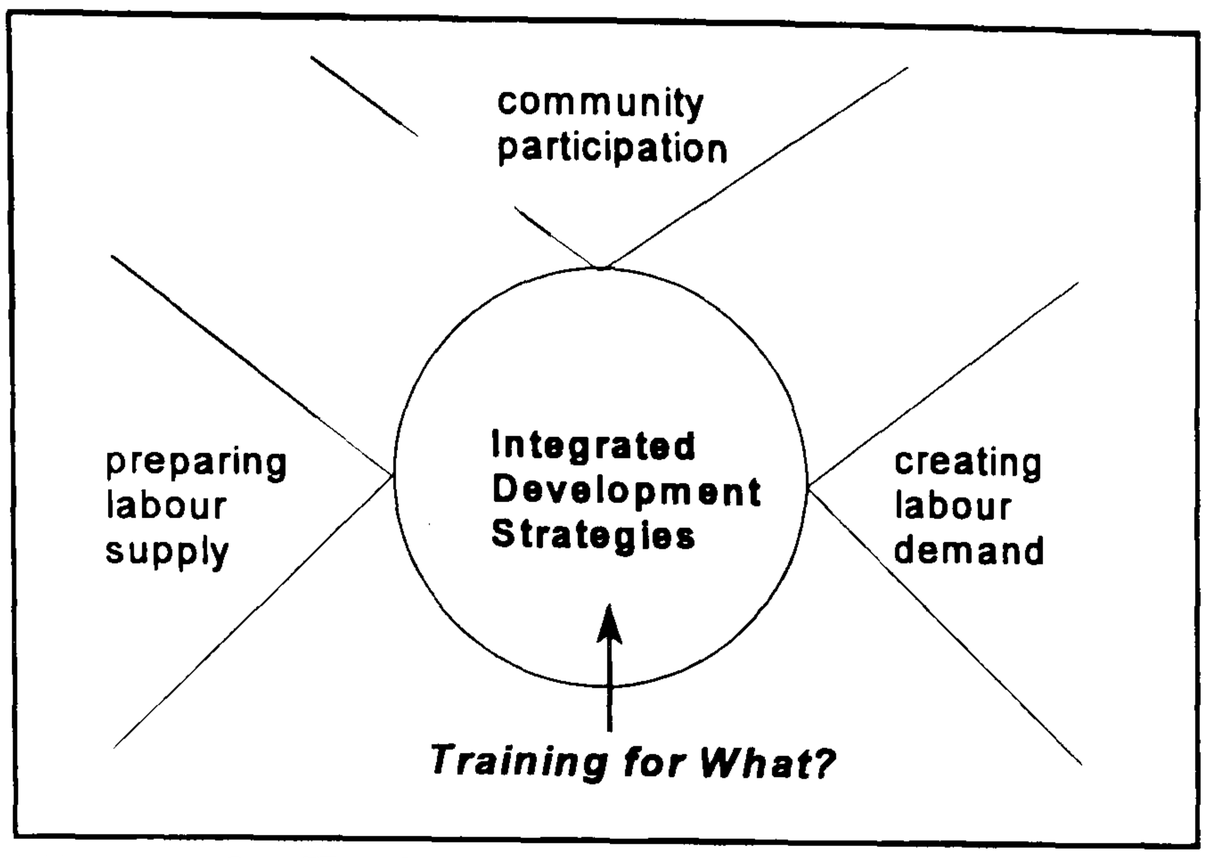


**Figure 6. Training Linkages to Regional Economic Development**

to development, as illustrated by Figure 6. The Royal Commission on Employment and Unemployment (1986b) recognized the significant contribution a flexible education system responsive to regional needs could make to addressing the regional disparities which exist in Newfoundland and Labrador. The Commission pointed out that "what is an acceptable approach to education in one region in a certain time frame, may be entirely inappropriate for another region" and stressed that "the education system must be an integral component in any regional development plans" (p. 18). The 1998 HRDC evaluation study noted "strong positive reactions among community agencies and groups to having ABE/upgrading, skills training, and employment supports all in one package" (p. 63).

However, as Savoie (1992) observed, while "different communities will need different measures...federal and even provincial public servants cannot always respond to local circumstances because of national standards or criteria" (p 261). The Social Policy Committee of Cabinet will need to examine existing policies to see if barriers exist. For example, this is particularly true in those departments with responsibility for education and training, where regulations, certification and standards are significant concerns. Also, coherence between provincial and federal policies and programs can be impaired by virtue

of the jurisdictional split between the two governments[19]--support for employment generation and training related to employment being a case in point.

As explained by the Joint Evaluation Committee (1998), labour market program design occurred in the past at the national level, which seldom allowed for the flexibility needed to address local conditions in Newfoundland and Labrador. The new Labour Market Development Agreement, however, has made provision for employment programs to be more targeted "toward those sectors, industries and regions of the province which provide meaningful work opportunities for unemployed Newfoundlanders and Labradorians, in a manner which supports and reinforces the province's economic growth agenda." However, complete coherence is not guaranteed, and we must remain vigilant regarding unintended outcomes such as out-migration of our best-educated workers because under this agreement,

> Canada will retain sole responsibility for the implementation of activities under its employment benefits and support measures that are pan-Canadian in scope, such as activities in support of interprovincial labour mobility and national sectoral partnerships. Canada may also continue to act unilaterally in response to economic crises using funding incremental to funding commitments made within the context of the Agreement (JEC, 1998).

## *Accountability Framework*

Accountability mechanisms can provide the means to permit local flexibility while ensuring progress toward goals. The Strategic Social Plan made provision for "effective monitoring and evaluation of the implementation and effectiveness" of the Plan. It promised that

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[19] In Canada, provincial governments have sole responsibility for delivery of education, including postsecondary education, however the federal government becomes involved in that it has responsibility for national employment programs and funds training for employment.

Government, "in consultation with its regional partners" would "develop a provincial framework which includes a comprehensive set of provincial indicators" (p. 30). It is important to recognize that effective development and implementation of such a framework will be as much about *process* as about content. As provided for in the four-step model I described in Chapter 5, the key players at the local level must be involved throughout the process. Those who take stock, set the goals and develop strategies must also participate in documenting progress.

The *outcomes* of an integrated approach that permits local identification of problems and decision making about appropriate solutions can be defined by a widely-shared vision and broad goals. Quite likely, most people in Newfoundland and Labrador would desire the long-term outcomes put forth in the Strategic Social Plan, and the indicators they would identify would be those that would show progress toward a reduced social problems, enhanced self-reliance, community stability, and increased economic security, even though the mix of locally-appropriate interventions would vary considerably from place to place. Figure 7 illustrates a sample framework containing various indicators which might be useful in monitoring the type of integrated approach I have recommended based upon my research.

The Strategic Social Plan identified three impact areas in which improvement would be tracked: general well-being, employment and economic security, and community stability. These begin to address but do not fully cover the bottom ellipse in my framework. It remains for the new Strategic Economic Plan to make more extensive provision for economic development interventions that are congruent with integrating social and economic development and for tracking the impact of those interventions. Figure 7 illustrates the full spectrum in terms of accountability.

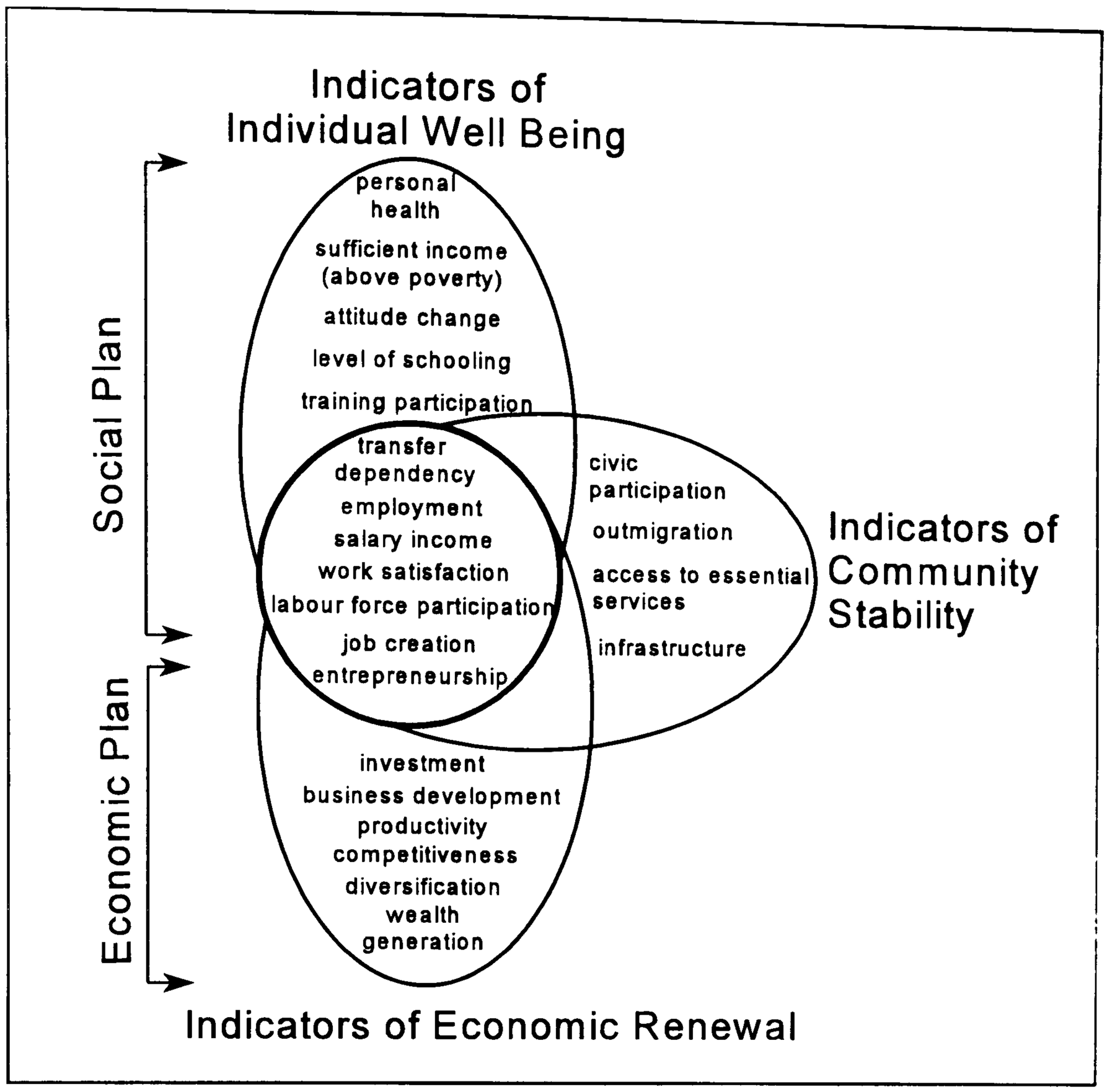


**Figure 7. Integrated Accountability Framework**

Implementation of such an accountability framework will require careful indicator selection and data collection to acquire appropriate evidence of whether interventions are being made effectively and whether goals are being achieved. This is an important distinction. Given the synergistic relationship I propose, it means that there are two types of indicators which must be monitored: output and outcome indicators. The Strategic Social Plan distinguished between these two in noting that output indicators would be used to show that actions are being carried out as planned and to determine how well they are being implemented, whereas outcome indicators would be measures of progress toward attained goals. It also pointed out that

> In the past, measuring has usually focused on outputs, such as determining whether programs and services are being

> implemented, how many people are being served, and so on. To ensure that the plan is achieving its goals, *much greater emphasis will have to be placed on measuring outcomes*, such as whether or not people are becoming healthier, more prosperous and better prepared for the labour market (p. 35).

This shift is particularly significant in evaluating the impact of an integrated approach. To illustrate, if we focus solely on the well being of individuals, possible outputs of interventions could be that individuals are happy and have a sense of well being and security without economic renewal--they may be dependent upon government transfer payments. Or, the output of training programs could be a better-educated population, which then leaves the community. Similarly, economic development interventions which increase productivity of firms can also be those which result in unemployment of individuals. To achieve the full impact of the synergy, we must concentrate on achieving the desired outcomes. We must understand what the "whole" will look like, coordinate our interventions accordingly, ask the right questions, and collect appropriate evidence of impact.

My research supplied two examples of this type of approach. The Dairy Goat Farmers' Cooperative project involved support to individuals (income support through TAGS and targeted training), support to the development of their business (financial and other business development supports), and support to the community in that it is diversifying the economy of the region and leading to the employment of residents who will stay and be net contributors to their community. On the other hand, the New Enterprise Store project had a positive output in that it contributed to the development of skills in individuals, but because it was not connected to ongoing business development supports it did not result in the new business start-ups that would be the desired outcome to enhance the stability of the community and the economic renewal of the region.

## *Further Research*

Early on in dreaming of what my doctoral program would entail I had envisioned a comparative research project, perhaps looking at Wales, or Ireland, or Appalachian United States, or Iceland, or the Highland and Islands of Scotland, or even northern Norway as a comparison to Newfoundland and Labrador. While reality and my own pragmatism reduced the scope of my immediate research to my province as a manageable case study, given the time and resources I had, I think it would be advantageous to go on from where I left off in this project. As Yin (1994) pointed out, the evidence from a multiple-case, or comparative, design "is often considered more compelling, and the overall study more robust" in that in multiple cases one can follow a "replication logic" in collecting and analysing evidence (p.45). I would like to see if my theories hold for other regions with meaningful similarities to Newfoundland and Labrador.

As well, I would like to approach the problem from a different angle. As I declared to begin with, I designed my research to approach the problem through the "people" side--using their stories and perceptions as my main source of information. I would like to follow up the approach I have recommended from the business development perspective. The 1998 HRDC evaluation study reported "a general view among TAGS/HRDC staff and community leaders that the job creation and community development components of TAGS have not yet had the impacts that were hoped" (p. 65). I would like to determine whether the integrated approach that I have proposed can effectively stimulate sustainable business development.

Finally, it is a difficult transformation we are trying to effect in Newfoundland and Labrador. As Higgins and Savoie (1995) observed

> The really difficult cases are those where growth on the basis of a particular set of natural resources nears its end, while no saviour in the form of new resource discovery and technological change appears on the horizon. For in these cases further development requires a sharp, discontinuous quantum leap from a natural-resource-based to a human-resource-based pattern of development (p. 21).

A leap of this magnitude cannot be successful without accurate information, clear policy direction and strong implementation capacity. What I attempted to do in this project was to establish a framework for collecting and using broad and rich information to formulate and evaluate public policy in Newfoundland and Labrador. This framework is built upon both quantitative and qualitative data--the "bricks and mortar" which can support good decision making. I would like to think that this case study will contribute to an ongoing process of research and reflection upon our condition and the problems we face--that we will keep trying to create our own solutions, that we will learn from our successes and failures and those of others, and that we will share the lessons we have learned.

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# APPENDIX 1

## *Maps*


Map 1: Canada, Atlantic Provinces

Map 2: Economic Zones, Newfoundland and Labrador

Map 3: Selected Research Sites, Newfoundland and Labrador

Map 4: Bonavista/Trinity (CD7)

Map 5: Northern Peninsula (CD9)


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Table 8. Population % Change, in Province, CD7 & CD9

Table 9. Interprovincial Net Migration in 15+ Population in Province

Table 10. Highest Level of Schooling in Provincial 15+ Population

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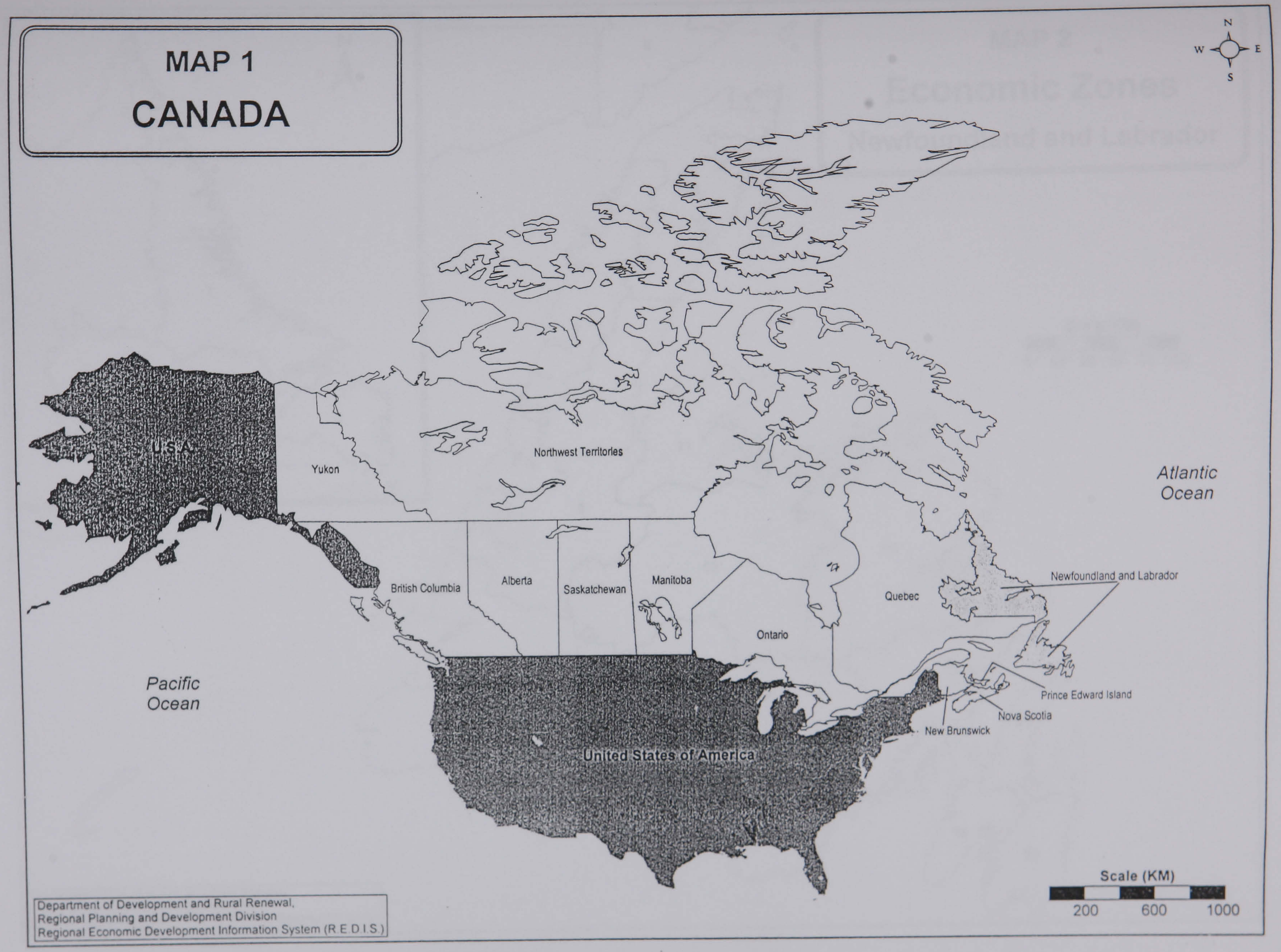
Table 13. Interprovincial Net Migration in Provincial 15+ Population by Level of Schooling

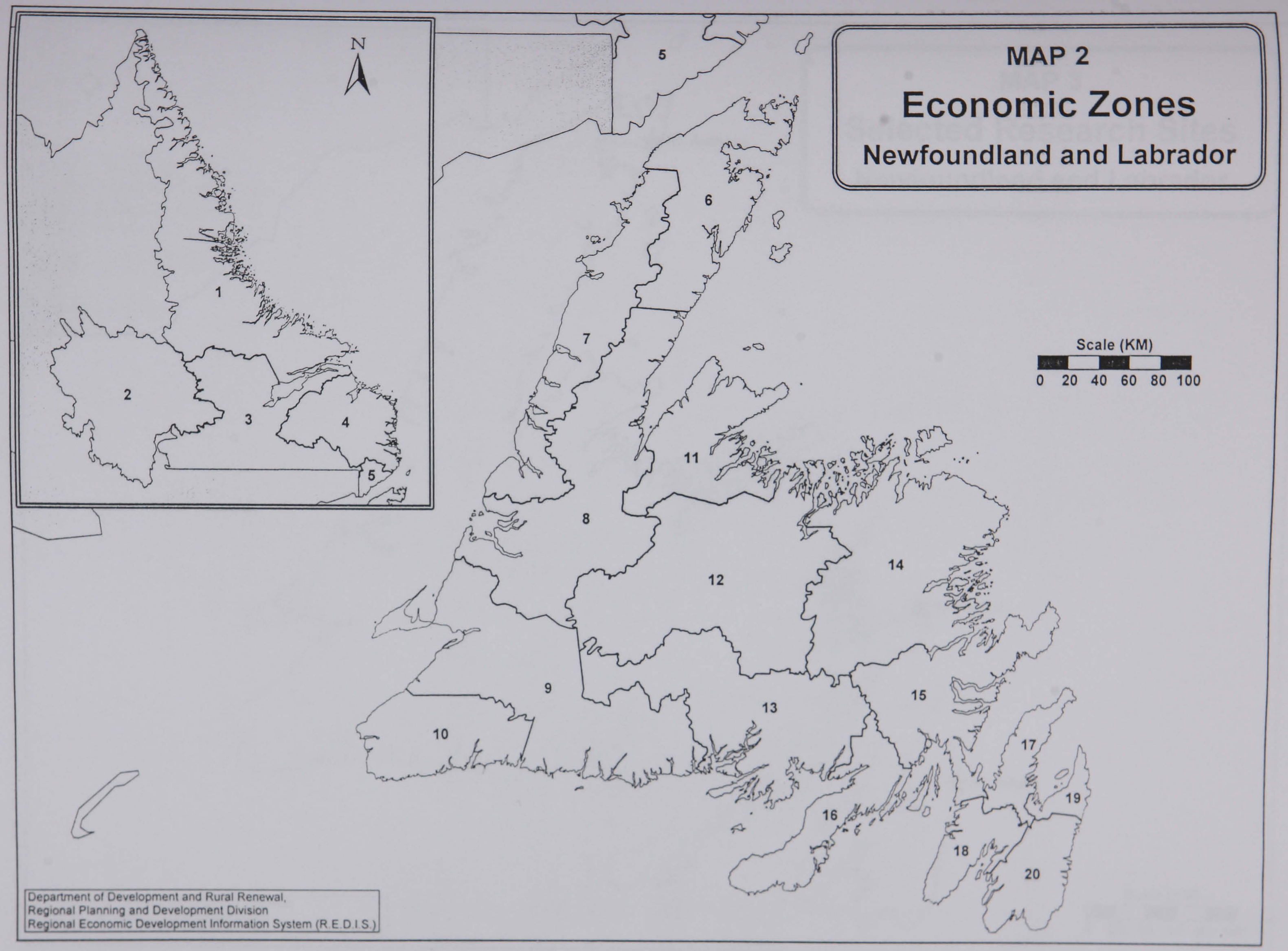
Table 14. Trends in Education and in the Economy in the Province

# MAP 1

# CANADA




Department of Development and Rural Renewal,
Regional Planning and Development Division
Regional Economic Development Information System (R.E.D.I.S.)


MAP 2
Economic Zones
Newfoundland and Labrador
N
Scale (KM)
0 20 40 60 80 100
1
2
3
4
5
6
7
8
9
10
11
12
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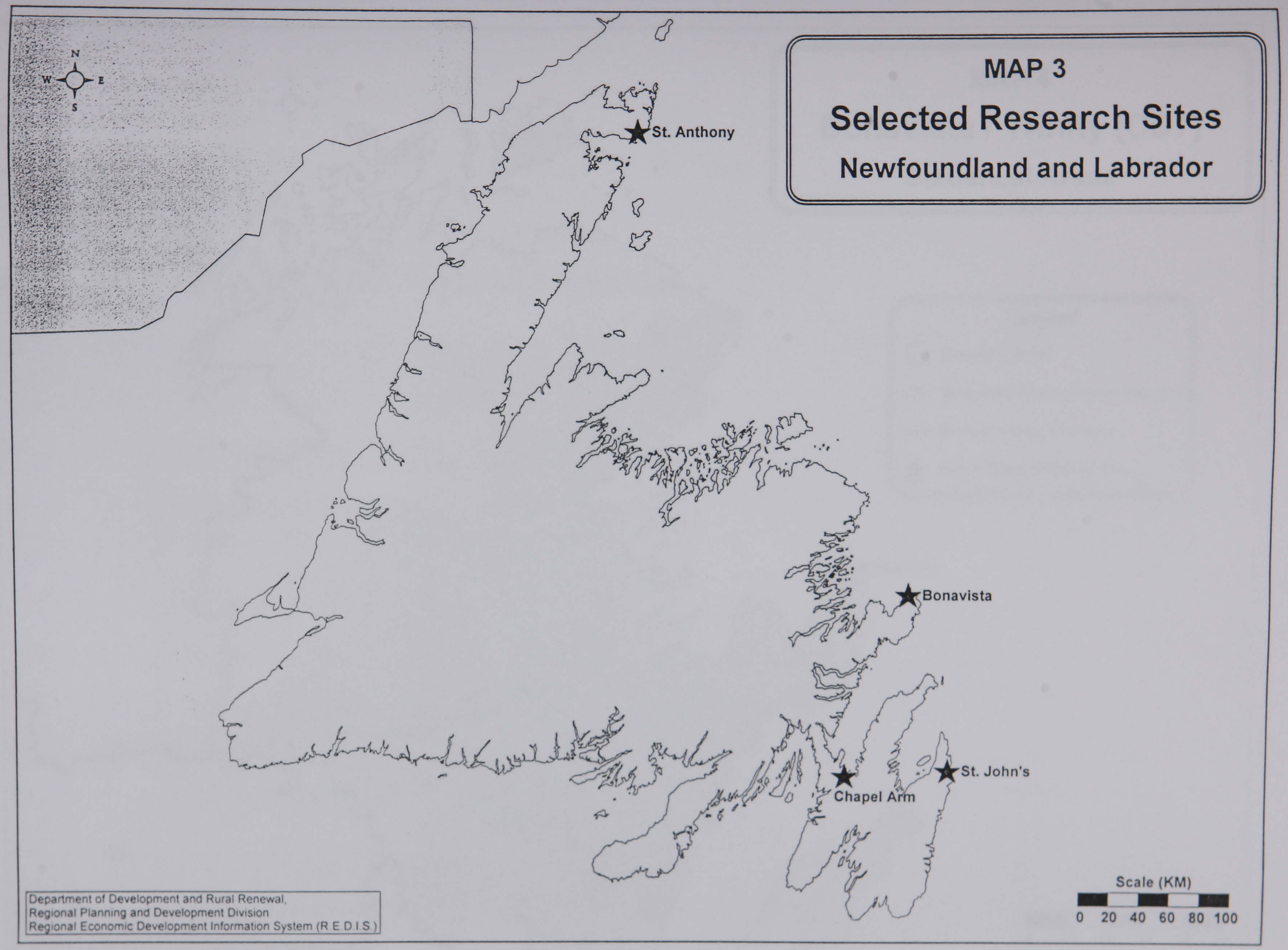
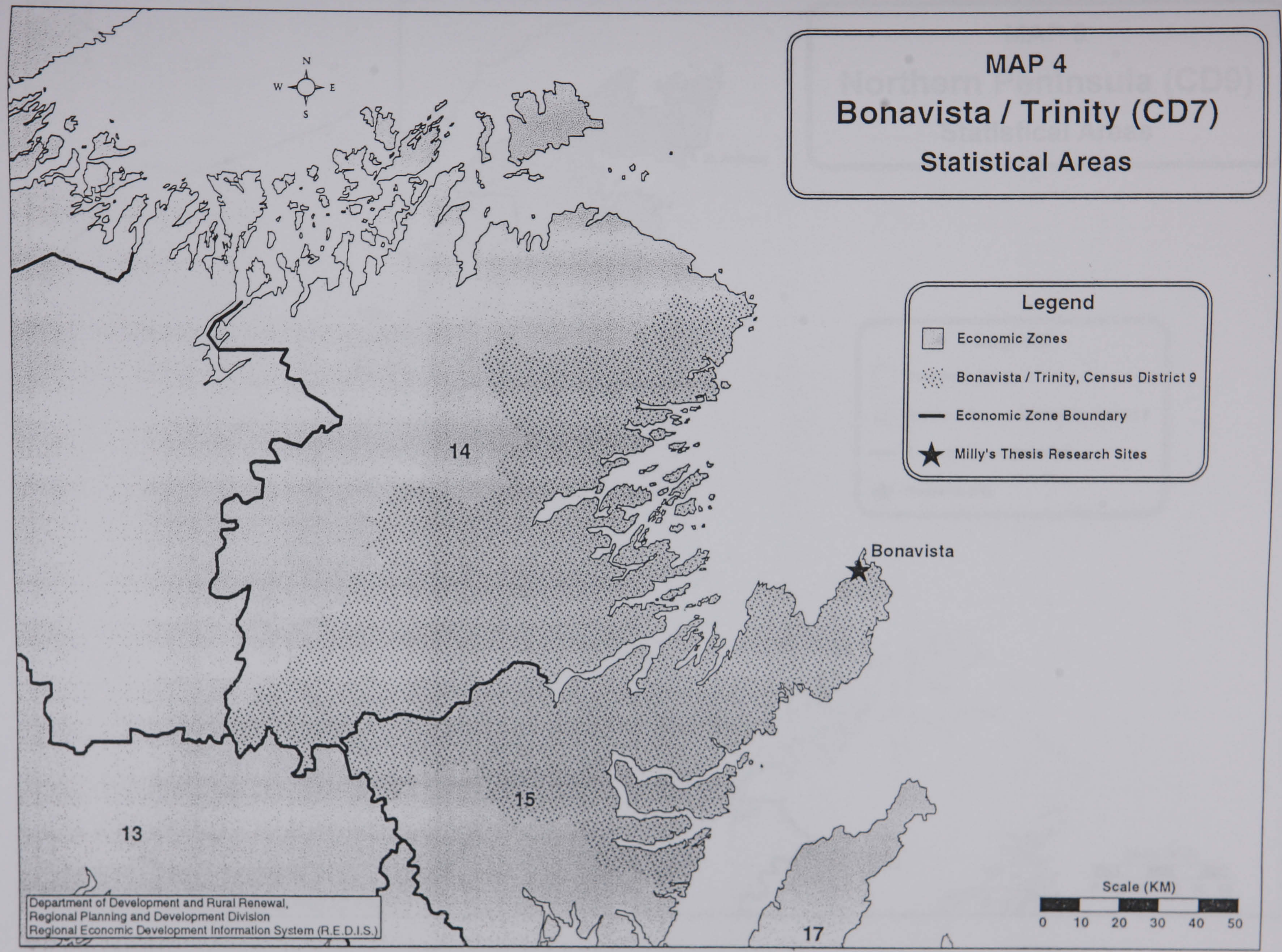
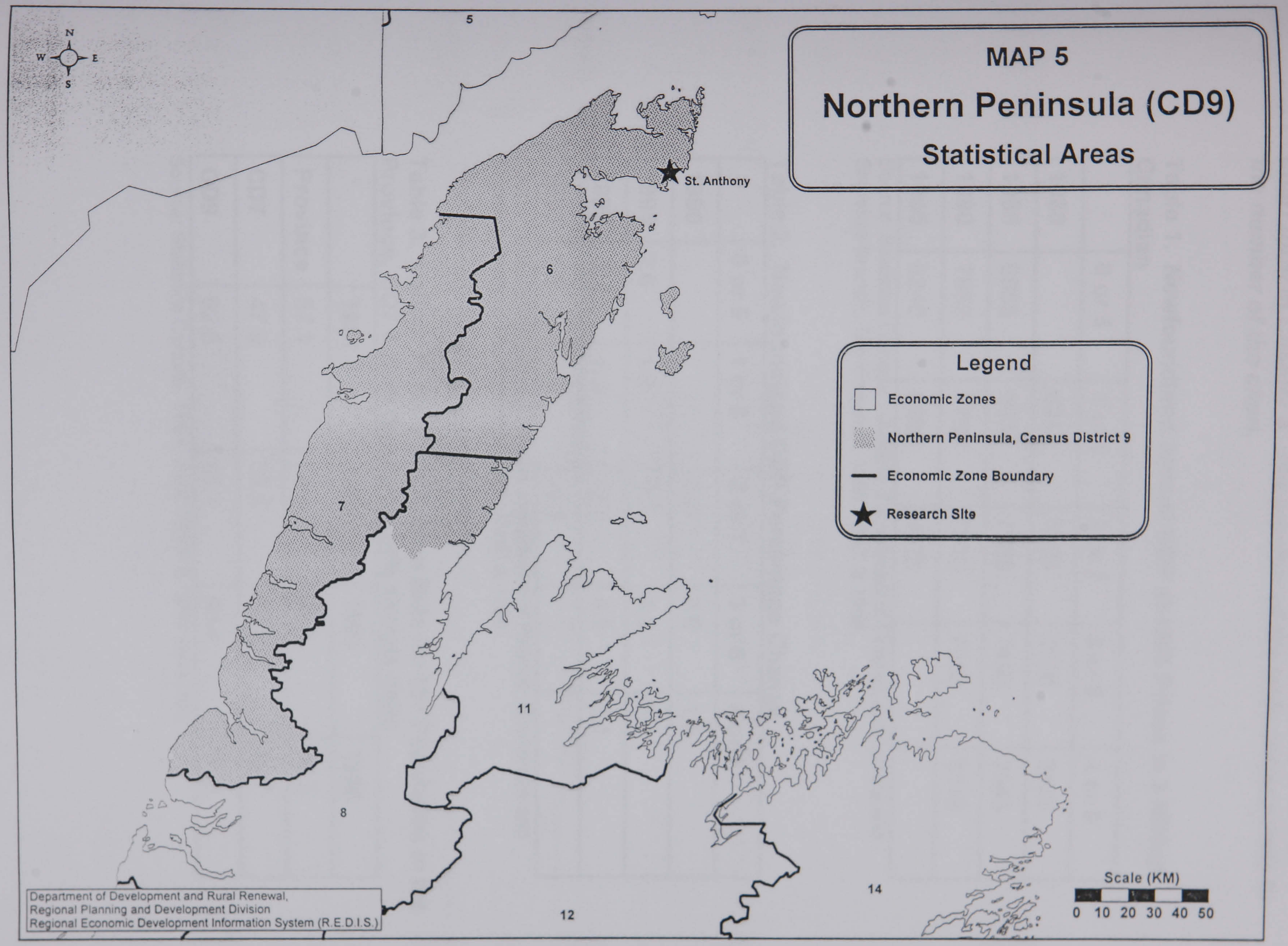
Department of Development and Rural Renewal,
Regional Planning and Development Division
Regional Economic Development Information System (R.E.D.I.S.)


MAP 3
Selected Research Sites
Newfoundland and Labrador
N
W
E
S
St. Anthony
Bonavista
Chapel Arm
St. John's
Scale (KM)
0 20 40 60 80 100
Department of Development and Rural Renewal,
Regional Planning and Development Division
Regional Economic Development Information System (R.E.D.I.S.)


MAP 4
Bonavista / Trinity (CD7)
Statistical Areas
Legend
Economic Zones
Bonavista / Trinity, Census District 9
Economic Zone Boundary
Milly's Thesis Research Sites
N
W
E
S
14
15
13
17
Bonavista
Scale (KM)
0 10 20 30 40 50
Department of Development and Rural Renewal,
Regional Planning and Development Division
Regional Economic Development Information System (R.E.D.I.S.)


MAP 5
Northern Peninsula (CD9)
Statistical Areas
N
W
E
S
St. Anthony
5
6
7
8
11
12
14
Legend
Economic Zones
Northern Peninsula, Census District 9
Economic Zone Boundary
Research Site
Scale (KM)
0 10 20 30 40 50
Department of Development and Rural Renewal,
Regional Planning and Development Division
Regional Economic Development Information System (R.E.D.I.S.)

***NOTE: These tables contain the data which was presented in chart form in Chapter 4. The number of the table corresponds to the number of the chart.***

**Table 1. Newfoundland Annual GDP at 1986 Prices in $ Million Canadian**

| | 0 or 5 | 1 or 6 | 2 or 7 | 3 or 8 | 4 or 9 |
|---|---|---|---|---|---|
| **1980** | | 6247 | 6323 | 6556 | 6675 |
| **1985** | 6855 | 6938 | 7168 | 7490 | 7945 |
| **1990** | 7853 | 7789 | 7612 | 7952 | 8118 |
| **1995** | 8240 | 8080 | 7975 | | |

Source: Statistics Canada, CANSIM; Department of Finance, Economics and Statistics Branch, *The Economy*, 1996, 1997, & 1998.

**Table 2. Newfoundland GDP Percentage Change**

| | 0 or 5 | 1 or 6 | 2 or 7 | 3 or 8 | 4 or 9 |
|---|---|---|---|---|---|
| **1980** | | | 1.2 | 3.6 | 1.8 |
| **1985** | 2.6 | 1.2 | 3.3 | 4.5 | 6.1 |
| **1990** | -1.2 | -0.8 | -2.3 | 4.5 | 2.1 |
| **1995** | 1.5 | -1.9 | -1.3 | | |

Source: Statistics Canada, CANSIM; Department of Finance, Economics and Statistics Branch, *The Economy*, 1996, 1997, & 1998.

**Table 3. Labour Force Participation Rate for 15+ Population in the Province, CD7 & CD9 (based on 20% sample data)**

| | 1981 | 1986 | 1991 | 1996 |
|---|---|---|---|---|
| **Province** | 57.1 | 59.2 | 61.3 | 56.3 |
| **CD7** | 47.9 | 52.6 | 55.3 | 49.7 |
| **CD9** | 62.6 | 67.1 | 63.4 | 55.5 |

Source: Statistics Canada, 1981, 1986, 1991, & 1996 Censuses

**Table 4. Unemployment Rate in 15+ Population in the Province, CD7 & CD9 (based on 20% sample data)**

| | 1981 | 1986 | 1991 | 1996 |
|---|---|---|---|---|
| **Province** | 17.8 | 25.9 | 27.7 | 25.1 |
| **CD7** | 25.6 | 34.8 | 40.7 | 34.4 |
| **CD9** | 22.7 | 32.9 | 39.2 | 39.4 |

Source: Statistics Canada, 1981, 1986, 1991, & 1996 Censuses

**Table 5. Work Duration in Province (based on 20% sample data)**

| | 1986 | 1991 | 1996 |
|---|---|---|---|
| **FY, FT** | 90965 | 104400 | 100070 |
| **PY, PT** | 152225 | 169575 | 141630 |

Source: Statistics Canada, 1986, 1991, & 1996 Censuses

**Table 6. Work Duration in CD7 & CD9 (based on 20% sample data)**

| | 1986 | 1991 | 1996 |
|---|---|---|---|
| **CD7, FY, FT** | 4195 | 4670 | 5095 |
| **CD7, PY, PT** | 12635 | 14885 | 11630 |
| **CD9, FY, FT** | 2430 | 2515 | 2215 |
| **CD9, PY, PY** | 10515 | 10355 | 7330 |

Source: Statistics Canada, 1986, 1991, & 1996 Censuses

**Table 7. Source of Income, % Government Transfer, in Province, CD7 & CD9 (based on 20% sample data)**

| | 1986 | 1991 | 1996 |
|---|---|---|---|
| **Province** | 21.2 | 21.1 | 24.6 |
| **CD7** | 35.3 | 32.8 | 34.7 |
| **CD9** | 32.2 | 33.8 | 39.4 |

Source: Statistics Canada, 1986, 1991, & 1996 Censuses

**Table 8. Population % Change, in Province, CD7 & CD9 (based on 100% data)**

| | 1986 | 1991 | 1996 |
|---|---|---|---|
| **Province** | 0.1 | 0 | -2.9 |
| **CD7** | 0.4 | -1.0 | -3.8 |
| **CD9** | 0.8 | -3.5 | -8.7 |

Source: Statistics Canada, 1981, 1986, 1991, & 1996 Censuses

**Table 9. Interprovincial Net Migration in 15+ Population in Province**

| | 1981 | 1986 | 1991 | 1996 |
|---|---|---|---|---|
| **Province** | 17275 | 15175 | 14265 | 20810 |

Source: Statistics Canada, 1981, 1986, 1991, & 1996 Censuses

**Table 10. Highest Level of Schooling in Provincial 15+ Population (based on 20% sample data)**

| | < Gr. 9 | < HS | HS | Trades | NU, WC | U, WD |
|---|---|---|---|---|---|---|
| **1981** | 120750 | 114515 | 40340 | 8355 | 52720 | 18460 |
| **1986** | 110340 | 130730 | 35585 | 7240 | 59970 | 23565 |
| **1991** | 89140 | 125440 | 50845 | 10440 | 71600 | 28890 |
| **1996** | 76465 | 122065 | 43040 | 12810 | 83440 | 35520 |

Source: Statistics Canada, 1981, 1986, 1991, & 1996 Censuses

**Table 11. Highest Level of Schooling in CD7 15+ Population (based on 20% sample data)**

| | < Gr. 9 | < HS | HS | Trades | NU, WC | U, WD |
|---|---|---|---|---|---|---|
| **1981** | 12655 | 8550 | 3305 | 580 | 3070 | 750 |
| **1986** | 11670 | 10440 | 2935 | 545 | 3605 | 970 |
| **1991** | 9575 | 10205 | 4330 | 750 | 4585 | 1200 |
| **1996** | 8530 | 9760 | 3315 | 975 | 5575 | 1640 |

Source: Statistics Canada, 1981, 1986, 1991, & 1996 Censuses

**Table 12. Highest Level of Schooling in CD9 15+ Population (based on 20% sample data)**

| | < Gr. 9 | < HS | HS | Trades | NU, WC | U, WD |
|---|---|---|---|---|---|---|
| **1981** | 7665 | 4685 | 1755 | 285 | 1425 | 575 |
| **1986** | 7285 | 5940 | 1520 | 265 | 1785 | 555 |
| **1991** | 6210 | 5930 | 2215 | 360 | 2080 | 685 |
| **1996** | 5055 | 5330 | 2040 | 530 | 2550 | 880 |

Source: Statistics Canada, 1981, 1986, 1991, & 1996 Censuses

**Table 13. Interprovincial Net Migration in Provincial 15+ Population by Level of Schooling**

| | < Gr. 9 | < HS | HS | Postsecondary |
|---|---|---|---|---|
| **1976-81** | -1210 | -4670 | -2465 | -6930 |
| **1981-86** | -850 | -4030 | -2415 | -5875 |
| **1986-91** | -420 | -2775 | -2405 | -6445 |
| **1991-96** | -670 | -4255 | -2690 | -10030 |

Source: Statistics Canada, 1981, 1986, 1991, & 1996 Censuses

**Table 14. Trends in Education and in the Economy in the Province**

| | 1981 | 1986 | 1991 | 1996 |
|---|---|---|---|---|
| **GDP in 1986 $ Canadian (x 100000)** | 62470 | 69380 | 77890 | 80800 |
| **# People with < Gr.9** | 120750 | 110340 | 89140 | 76465 |
| **# People with PS** | 79535 | 90775 | 110930 | 131700 |
| **# People Employed** | 186720 | 183800 | 192895 | 184330 |

Source: Statistics Canada, CANSIM and 1981, 1986, 1991, & 1996 Censuses; Department of Finance, Economics and Statistics Branch, *The Economy*, 1996, 1997, & 1998.

# APPENDIX 2

1. Sample Letter to Elite Interviewee
2. Sample Letter to Elite Interviewee
3. Sample Guide, Elite Interview
4. List of Research Documents
5. Sample Guide, Telephone Interview
6. Sample Guide, Focus Group Interviews 1 & 2
7. Sample Guide, Focus Group Interviews 3 & 4

## 1. Sample Letter to Elite Interviewee

Dear -------,

I was pleased to meet you at the Employment and Economic Development Conference yesterday. As promised, I write you now wearing my "student hat"to describe my doctoral research on the connections between training and economic development as part of a part-time program at the University of Nottingham in England. I have been enrolled in the program for a few years now, and I hope to finish next year. My doctoral research will lead to a thesis entitled *"Evaluating Impact of Human Capital Development on Economic Renewal: An Accountability Framework based upon Newfoundland as a Case Study."* But, before I ask for your help to conduct my research, I will give you a little background on how I came to be interested in this area.

After the moratorium on the fishery of the northern cod was announced in 1992, I was working in the Newfoundland community college system as a science instructor in the Adult Basic Education Program (ABE) and I was assigned a class of thirty recipients of income support under the Northern Cod Adjustment and Recovery Program (NCARP). As is often the case for instructors of ABE programs, I was combined content expert, facilitator of learning, and career counsellor. As I mapped out with each learner the basic courses s/he would need to take to prepare for vocational training, I often heard the refrain "Training for what? There are no other jobs."

I started to reflect upon the economic reality of Newfoundland. In rural areas, there had been little diversification into industrial sectors other than the cod fishery. I came to suspect the expectation that training would lead to labour market adjustment and economic renewal to be overly simplistic, indeed impossible to fulfill, given the complexity of the problem at hand. I felt that, while training would likely provide some inherent benefits to the individual people involved, it was unlikely to lead to economic renewal of communities in isolation from other interventions. Indeed, I suspected that it was far more likely to have the opposite effect through increased out-migration of trained people.

I also wondered whether value-for-money was to be a consideration in the expenditure of public funding on training supported by NCARP and TAGS. I saw little evidence of provision to assess the outcomes of training and evaluate their impact upon the state of the economy in the areas affected. Questioning the expectation about training and economic renewal, and wanting to explore alternatives to it, became the basis for my decision in 1994 to engage in my doctoral research degree program.

A key question which guides my research project is: *What is the impact of human capital development, in the form of education and training interventions, on economic renewal in a region of depressed economy?* Answering it will mean considering several sub-questions including:

(1) *In a selected region of depressed economy, what are the education attainment levels and employment rates of the population?*

(2) *How do trends in these attributes compare over time with economic growth (or decline) of the region?*

(3) *What has been the outcome of education and training programs in terms of impact upon individuals and economic renewal of communities as indicated by labour market attachment or self-employment (entrepreneurship)?*

(4) *What do individuals perceive to be the outcomes of training interventions?*

I have decided to focus on the Bonavista and Great Northern Peninsulas, areas hard hit by the moratorium. I am in the process of collecting documents and statistical information. My primary research will be qualitative, employing key informant interviews and focus groups as instruments for data collection in a case study approach. I hope to meet with participants in several specific training interventions and also to interview key informants, including HRDC people who have been involved with NCARP and TAGS, such as yourself, -------- and ------ at Regional HQ, ------ in Clarenville, and ------- in St. Anthony. I attach a preliminary draft of the questions I would ask in key informant interviews.

Thank you for agreeing to take part in my research by allowing me to interview you. Please note that this is not part of my work with the provincial Department of Development and Rural Renewal and that all interview materials would remain confidential. Also, I would be very open to receiving suggestions that would make this research project mutually beneficial to HRDC if you feel there are additional elements I could consider.

You can reach me at 729-4868 (w), 722-2239 (h) and 729-4869 (f) or by email at mfbrown@mail.gov.nf.ca. I look forward to your reply.

Sincerely,

Mildred Brown

## 2. Sample Letter to Elite Interviewee

Dear ------,

As we just discussed on the telephone, I am attempting to do some research on the connections between training and economic development as part of a part-time doctoral degree program at the University of Nottingham in England. I have been enrolled in the program for a few years now, and I hope to finish next year. My doctoral research will lead to a thesis entitled *"Evaluating Impact of Human Capital Development on Economic Renewal: An Accountability Framework based upon Newfoundland as a Case Study."* Here is a little background on how I came to be interested in this area:

After the moratorium on the fishery of the northern cod was announced in 1992, I was working in the community college system as a science instructor in the Adult Basic Education Program (ABE) and I was assigned a class of thirty recipients of income support under the Northern Cod Adjustment and Recovery Program (NCARP). As is often the case for instructors of ABE programs, I was combined content expert, facilitator of learning, and career counsellor. As I mapped out with each learner the basic courses s/he would need to take to prepare for vocational training, I often heard the refrain "Training for what? There are no other jobs."

I started to reflect upon the economic reality of Newfoundland. In rural areas, there had been little diversification into industrial sectors other than the cod fishery. I came to suspect the expectation that training would lead to labour market adjustment and economic renewal to be overly simplistic, indeed impossible to fulfill, given the complexity of the problem at hand. I felt that, while training would likely provide some inherent benefits to the individual people involved, it was unlikely to lead to economic renewal of communities in isolation from other interventions. Indeed, I suspected that it was far more likely to have the opposite effect through increased out-migration of trained people.

I also wondered whether value-for-money was to be a consideration in the expenditure of public funding on training supported by NCARP and TAGS. I saw little evidence of provision to assess the outcomes of training and evaluate their impact upon the state of the economy in the areas affected. Questioning the expectation about training and economic renewal, and wanting to explore alternatives to it, became the basis for my decision in 1994 to engage in my doctoral research degree program. I now work in the Department of Development and Rural Renewal, and this research is still pertinent to the work I do in the Policy Division.

A key question which guides my research project is: *What is the impact of human capital development, in the form of education and training interventions, on economic renewal in a region of depressed economy?* Answering it will mean considering several sub-questions including:

(1) *In a selected region of depressed economy, what are the education attainment levels and employment rates of the population?*

(2) *How do trends in these attributes compare over time with economic growth (or decline) of the region?*

(3) *What has been the outcome of education and training programs in terms of impact upon individuals and economic renewal of communities as indicated by labour market attachment or self-employment (entrepreneurship)?*

(4) *What do individuals perceive to be the outcomes of training interventions?*

I have decided to focus on rural Newfoundland, particularly on areas hit hard by the cod moratorium. I am in the process of collecting documents and statistical trend information. My primary research will be qualitative, employing key informant interviews, focus groups and surveys as instruments for data collection in a case study approach. I hope to meet with and/or survey participants in several specific training interventions (such as the New Enterprise Store program, technical training, ABE, a Goat Farmer's Cooperative in Bonavista, and/or a Literacy Pilot Project) and also to interview key informants, including HRDC people who have been involved with NCARP and TAGS. I attach copies of the questions I will ask in the focus groups with training participants (in case you'd like to give them a copy) and also in the key informant interviews (you).

Thank you for agreeing to take part in my research by helping to arrange a focus group and allowing me to interview you when I come to St. Anthony. Please note that all interview and focus group responses will remain confidential. If you have any questions, you can reach me at 729-4868 (w), 722-2239 (h) and 729-4869 (f) or by email at mfbrown@mail.gov.nf.ca.

Sincerely,

Mildred Brown

## 3. Sample Guide, Elite Interview

❑ **INTRODUCTION:** Mildred Brown, doctoral student at University of Nottingham, England (NOT in DDRR employee capacity).

❑ **PURPOSE OF RESEARCH:** The demise of the northern cod fishery had a dramatic impact upon the economy of rural Newfoundland and Labrador by putting thousands of people out of work and on income support. A great deal of time, effort and money have been spent under NCARP and TAGS in an attempt to help residents of this province adjust to the decline of the fishery. More resources will be directed through "post-TAGS" funding and through the economic zone process. This research is examining the part training can play in labour force development as a route to economic renewal. It is also focused upon the need for accountability in the expenditure of public funds. In particular, it will focus upon developing a model for evaluating the impact of particular education and/or training programs (including literacy/adult basic education) upon the capacity of specific individuals or groups of people to participate in the labour market either as entrepreneurs or as employees, and hence to contribute to economic renewal of the region.

❑ **CONFIDENTIALITY:** Please note that though I will use the information you share with me as research findings upon which to base my conclusions, I will not use your name in my thesis.

❑ **PERMISSION TO TAKE NOTES?**

❑ **KEY INFORMANT INTERVIEW QUESTIONS:**

**Questions on training:**
What was your involvement with NCARP/TAGS And the training it supported?
What, do you think, was/were the overall goal (s) or expectation(s) related to supporting training through NCARP/TAGS?
What impact, do you think, did the training have?

**Questions on evaluation:**
Is there any monitoring, follow-up or evaluation conducted to assess the impact of this training (on individuals or otherwise)?
If so, please describe it what is included/covered?
If not, what do you think should be included/covered in such an evaluation?

**Questions on economic renewal of the region:**
How would you describe the present state of the economy here in [name region]?

Do you think that training has played a significant part in employment of people and economic development of the region in the past? Why or why not?
Do you think that having more people with more education/training will make a difference to the economy and employment rate in the region in the future? Why or why not?
What do you think has to happen in the region to employ people and improve the state of the economy? What role do you see for education/training to play?

## 4. List of Research Documents


Department of Education. (ND). *Position Paper: Negotiation of a Memorandum of Understanding for Training Outside the Fishery and for Fisheries Professionalization and Certification.* St. John's: Government of Newfoundland (unpublished internal confidential document).

Health and Education Services. (1994). *...And I've Learned to Speak my Mind. An Evaluation of Improving Our Odds: An NCARP Strategy for Displaced Fishers.* St. John's, NF: HRDC.

Human Resources Development Canada. (Nd). *The Atlantic Groundfish Strategy (TAGS). Implementation Strategy: "Active Participation."* St. John's, NF: HRDC Newfoundland Region.

Human Resources Development Canada. (1995). *Choices Evaluation Report.* St. Anthony: Author (unpublished internal confidential document).

Human Resources Development Canada. (1996). *TAGS/HRDC: Formative Evaluation Report.* Ottawa: Author.

Human Resources Development Canada. (1998a). *Evaluation of The Atlantic Groundfish Strategy (TAGS). TAGS/HRDC Final Evaluation Report).* Ottawa: HRDC.

Human Resources Development Canada. (1998b). *Audit of Grants and Contribution Projects under TAGS. (Unpublished Internal Confidential memo & Executive summary).* Ottawa: HRDC, Internal Audit Bureau.

"HRDC reports 'quite a few' TAGS clients making the decision to move", "Simple wasteful," and "Funding puts many former TAGS recipients to work." *The Clarenville Packet*, 31 (43), Oct. 19, 1998.

Report of the Auditor General. (1997). *Human Resources Development Canada--the Atlantic Groundfish Strategy.* Ottawa: Auditor General.

SRDA. (1997). *Ex-Fishers to Pursue Goat Farming on the Bonavista Peninsula.* St. John's: SRDA Press Release.

## 5. Sample Guide, Telephone Interview

❑ **INTRODUCTION:** Mildred Brown, doctoral student at University of Nottingham, England.

❑ **PURPOSE OF RESEARCH:** The shut down of the northern cod fishery had a huge impact upon the economy of rural Newfoundland and Labrador by putting thousands of people out of work and on income support. A great deal of time, effort and money have been spent under NCARP and TAGS in an attempt to help residents of this province adjust to the decline of the fishery. More resources will be spent through "post-TAGS" funding and through the economic zone process. This research project is looking at the part training can play in labour force development as a route to economic renewal. In particular, it is looking at the impact of particular training programs (including literacy/adult basic education) in preparing specific individuals or groups of people to take part in the labour market either through self-employment or as employees and hence to contribute to economic renewal of the region.

❑ **CONFIDENTIALITY:** Please note that though I will use the information you share with me as research findings upon which to base my conclusions, I will not use your name in my thesis.

❑ **PERMISSION TO TAKE NOTES?**

❑ **TRAINING PARTICIPANT SURVEY QUESTIONS:**

**Questions on your training:**
Did you take part in a training program through NCARP or TAGS support?
Why did you take part in training?
What training program(s) did you do?
Describe the impact your training had on you.
Were you satisfied with this result? Explain.
If no, what do you think should have been done differently?
Did your training help you get a job or become self-employed?
If yes, did you get work in your home community/region or did you leave to get work elsewhere? Did you get work related to your training?
Were you satisfied with this result? Explain.

## 6. Sample Guide, Focus Group Interviews 1 & 2

❑ **INTRODUCTION:** Mildred Brown, doctoral student at University of Nottingham, England.

❑ **PURPOSE OF RESEARCH:** The shut down of the northern cod fishery had a huge impact upon the economy of rural Newfoundland and Labrador by putting thousands of people out of work and on income support. A great deal of time, effort and money have been spent under NCARP and TAGS in an attempt to help residents of this province adjust to the decline of the fishery. More resources will be spent through "post-TAGS" funding and through the economic zone process. This research project is looking at the part training can play in labour force development as a route to economic renewal. In particular, it is looking at the impact of particular training programs (including literacy/adult basic education) in preparing specific individuals or groups of people to take part in the labour market either through self-employment or as employees and hence to contribute to economic renewal of the region.

❑ **CONFIDENTIALITY:** Please note that though I will use the information you share with me as research findings upon which to base my conclusions, I will not use your name in my thesis.

❑ **PERMISSION TO TAKE NOTES?**

❑ **FOCUS GROUP DISCUSSION QUESTIONS:**

**Questions on your training:**
Many government programs like TAGS, EI and Social Assistance encourage people to take ABE and various types of skills training as a route to gain employment.

- Why did you take part in training?
- What do you hope to get out of the program?

**Questions on economic renewal of the region:**
How would you describe the present state of the economy on the Bonavista Peninsula?
Has training played a part in employment of people and economic development of the region in the past?
Do you think that having more people with more education/training will make a difference to the economy and employment rate in the region in the future? Why or why not?
What do you think has to happen on the Bonavista peninsula to employ people and improve the state of the economy?
What role do you see for education/training to play?

## 7. Sample Guide, Focus Group Interviews 3 & 4

❑ **INTRODUCTION:** Mildred Brown, doctoral student at University of Nottingham, England.

❑ **PURPOSE OF RESEARCH:** The shut down of the northern cod fishery had a huge impact upon the economy of rural Newfoundland and Labrador by putting thousands of people out of work and on income support. A great deal of time, effort and money have been spent under NCARP and TAGS in an attempt to help residents of this province adjust to the decline of the fishery. More resources will be spent through "post-TAGS" funding and through the economic zone process. This research project is looking at the part training can play in labour force development as a route to economic renewal. In particular, it is looking at the impact of particular training programs (including literacy/adult basic education) in preparing specific individuals or groups of people to take part in the labour market either through self-employment or as employees and hence to contribute to economic renewal of the region.

❑ **CONFIDENTIALITY:** Please note that though I will use the information you share with me as research findings upon which to base my conclusions, I will not use your name in my thesis.

❑ **PERMISSION TO TAKE NOTES?**

❑ **FOCUS GROUP DISCUSSION QUESTIONS:**

**Questions on your training:**
Did you take part in a training program through NCARP or TAGS support?
Why did you take part in training?
What training program(s) did you do?
Describe the impact your training had on you.
Were you satisfied with this result? Explain.
If no, what do you think should have been done differently?
Did your training help you get a job or become self-employed?
If yes, did you get work in your home community/region or did you leave to get work elsewhere? Did you get work related to your training?
Were you satisfied with this result? Explain.

**Questions on economic renewal of the region:**
How would you describe the present state of the economy on the Bonavista Peninsula?
Has training played a part in employment of people and economic development of the region in the past?

Do you think that having more people with more education/training will make a difference to the economy and employment rate in the region in the future? Why or why not?
What do you think has to happen on the Bonavista peninsula to employ people and improve the state of the economy?
What role do you see for education/training to play?

# APPENDIX 3

## *Glossary of Key Labour Market Programs*

**CHOICES** and **Improving Our Odds (I.O.O.)**. Both of these initiatives were essentially group counselling interventions aimed at assisting displaced fisheries workers to come to terms with the closure of the northern cod fishery and to make decisions about their future career pathways.

**FRAM**. The Fisheries Restructuring and Recovery Program is a newly-announced federal/provincial strategy for long-term human resource and community economic development. It is intended: to assist individuals to become self-employed and to provide practical work experience and training to develop new skills; to help people willing to move to find new employment opportunities; to improve the investment climate for the private sector; and to invest in competitiveness and innovation by assisting small and medium sized businesses and supporting strategic infrastructure initiatives. Broader than NCARP or TAGS, it is intended to benefit communities which have been negatively affected by the closure of the cod fishery as well as individual workers.

**LMDA**. As provided for under the federal Employment Insurance Act (1996), the Province and the federal government negotiated a general Canada-Newfoundland and Labrador Agreement on Labour Market Development (LMDA) on employment supports to eligible unemployed people. This agreement covers the delivery of a range of active Employment Benefits and Support Measures (EBSM) aimed at getting people back to work as quickly and efficiently as possible. These include: Targeted Wage Subsidies (assistance provided to employers to encourage them to hire unemployed workers); Targeted Earnings Supplements (assistance provided to unemployed workers to help bridge an earnings gap between old and new jobs, and ensure that work pays more than income support); Self-Employment Assistance (assistance provided to unemployed workers to encourage them to start their own business); Job Creation Partnerships (assistance provided to employers to create employment opportunities for unemployed workers, and allow them to gain work experience which will improve their long-term employment prospects); and Skills Loans and Grants (assistance provided to unemployed workers to help them obtain skills for employment, ranging from basic to advanced skills).

**NCARP**. The Northern Cod Adjustment and Recovery Program, was introduced by the Canadain federal government in 1992 following the placement of a moratorium on the harvest of the northern cod. It was designed to provide short-term financial compensation to the roughly

30,000 workers whose livelihoods depended directly on harvesting and processing northern cod, and who had limited opportunities for other employment. In addition to its income support component, the program contained five options, three of which were directly or indirectly related to education: training outside the fishery; professionalization within the fishery; and other approved fisheries-related activities including employment as program counsellors, or providing professionalization training to other fishermen or plant workers. This program lasted two years and was replaced by TAGS.

**TAGS**. The Atlantic Groundfish Strategy was introduced in May 1994 by the federal government as a comprehensive, long-term response, intended to help Canadian fishers and fish plant workers with a substantial historical attachment to the Atlantic groundfishery to develop new skills and careers outside the fishing industry. It replaced NCARP and covered the same client base as NCARP plus another 10,000 fisheries workers in Atlantic Canada. In addition to income support, TAGS initially included various labour market adjustment options: Adjustment Training, Literacy, Mobility Assistance, Employment Bonus, Wage Subsidy, Self-Employment Assistance, a Community Opportunities Pool, Green Projects, Special Initiatives for Youth, Fish Plant Older Worker Adjustment Program, and Other Employment Programs and Services. The Adjustment Training Options included: Career Orientation (life skills, occupational and career decision making), Preparatory Training (literacy and adult basic education), Vocational Training, Entrepreneurial Training, and University Programs.

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