Canadian Policy Research Networks
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Summary

Backgrounder

Developing Skills in the Canadian Workplace

Workplace training is generally viewed as a key ingredient of the competitiveness of firms and, ultimately, of national competitiveness. It is also a key factor affecting the employability of individuals. With the growing pressures of globalization and technological change, the focus on this dual role of training in the economy has sharpened, becoming the subject of considerable debate in Canada.

The common perception is that Canadian employers do not invest nearly enough in developing the knowledge and skills of workers. However, it is difficult to assess whether Canadian employers do in fact underinvest in training, for two reasons. First, national data on workplace training is not collected on a regular basis. Second, it is difficult to know how much training is "enough." To answer that question, more information is needed on such issues as what drives the training decision, what works, what factors determine the effectiveness of training, and, ultimately, how more effective training can be achieved in the future.

To address these issues, Betcherman, Leckie and McMullen draw on a new survey database developed by Ekos Research Associates as part of CPRN's project on Training for the New Economy. The Ekos Workplace Training Survey involved an ambitious research design that collected both quantitative and qualitative training data, using a variety of data collection instruments, including a 1995 telephone survey of 2,500 establishments, with a more detailed mail follow-up to about one-third of these; longitudinal data covering the 1993-95 period for over 1,000 establishments; detailed case studies of 18 establishments; and an employee training database covering over 300 workers in these case study organizations.

The report reviews the relevant literature and describes the conceptual framework that underlies the study design. The key research findings are summarized below.

The Incidence of Training

Seventy percent of establishments, accounting for nearly 90 percent of all workers, reported undertaking some training in the 12 months preceding the survey. While most training was informal, the incidence of formal training was high in some segments of the economy, typically in larger establishments, in multi-establishment firms, and in the non-market services industries. Formal training was also more frequently reported by establishments experiencing significant technological change and by those employing “high-performance” human resource management practices.

Differential Access

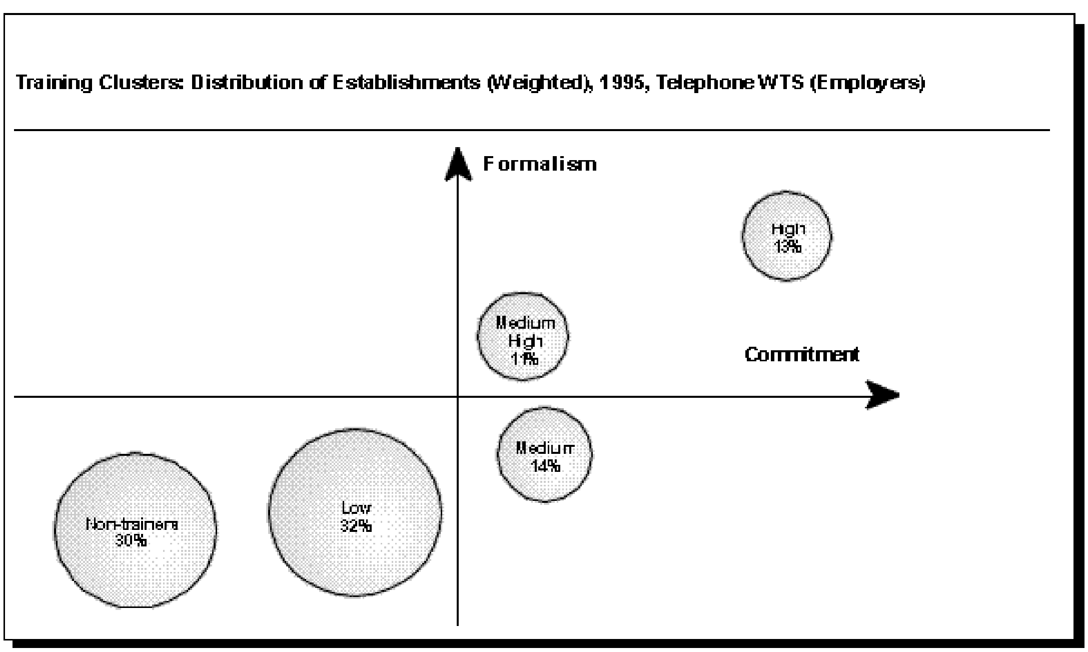
Like other researchers, the authors find that the incidence of formal training was greater for men than for women and for workers who had more than a high school education. Highly skilled employees managerial, professional and technical workers were most likely to receive training. The most frequently reported type of training was for job-related professional and technical skills; least frequent was training for literacy and other basic skills.

Most establishments did not track expenditures on training and, among those that did, there was wide variation in the accounting methods used. The authors caution that, as a consequence, it is difficult to draw firm conclusions about spending on training. However, the data indicate that training costs per employee (or per trainee) were significantly higher in small establishments than in large ones, suggesting that the latter enjoy training-related economies of scale that are unavailable to small firms.

Polarization in the Training Market

Survey establishments were grouped into five training types, based on a number of training indicators (Figure1). These groups extend along a continuum defined by the level of commitment to training and formalism of training activities. The “high-trainer” group accounted for about 13 percent of respondents and, because many of these were large, they accounted for about one-third of total employment.

Figure 1



The longitudinal analysis suggests that the incidence of formal training decreased between 1993 and 1995. Firms that dropped training were, for the most part, small and in selected service industries. However, establishments that continued to train in fact deepened their commitment. Although the time period covered was only two years, these opposing trends raise the prospect of a growing polarization in the training market.

The Training Process

In summarizing the evidence provided by the case studies, Betcherman, Leckie and McMullen identify three general patterns that appear to characterize how firms make decisions about, and thus investments in, training. The first pattern incidental learning but no formal investment characterized companies in which there was rarely a conscious decision to train; any training that did take place was in response to a specific obligation (such as health and safety training) or at least a compelling need. The second group event-triggered training includes companies in which formal training was undertaken, but only in response to specific events like the introduction of a new technology or some reorganization in the workplace. The third group “commitment to a learning organization” consists of establishments in which continuous learning had become an integral part of the business and the workplace.

The authors found that, in all types of firms, training tends to be very much a top-down decision, with strategies and funding levels determined by senior management. Very few firms engaged in formal training-needs assessment. However, in “learning organizations,” effective training represented one element of a broader business strategy designed to achieve excellence. Training needs were determined strategically and training plans were developed systematically for individual employees so that new skills were added in a logical and progressive fashion. In such organizations, training, and learning more broadly, become a “natural” part of the enterprise. When that is combined with a shared understanding of the strategic goals of the organization, employees and managers together take ownership of training.

Impacts of Training

Consistent with findings reported elsewhere in the literature, the WTS results suggest that employees who had received training had significantly higher wages than employees who had not.

On the establishment side, the authors found that the revenue and productivity performance of establishments with training programs was significantly better than for non-trainers. Moreover, this advantage was greatest for those respondents with the strongest commitment to training.

Policy Implications

One of the key conclusions reached by the authors is that the fact that some types of firms do not engage in workplace training in any meaningful way might well be a very rational response to the environment in which they operate. For some firms, training at least in the formal sense may not, in fact, be the best use of resources.

However, the authors note that there are two key segments of the economy that should be sources of concern from a public policy perspective. The first is small firms that face a significant cost disadvantage with respect to the provision of training. Small firms are also less likely to know about relevant training opportunities or to work with other firms and the educational sector to provide training. The second consists of individuals who lack access to training opportunities. This group includes not only those in the “non-training” segment of industry but also those who, because of their personal or labour force characteristics, tend not to be given training, despite being employed by organizations that do provide some training. Notable groups who are missing out are youth and non-standard workers.

To address the needs of these groups, Betcherman, Leckie and McMullen identify some potentially useful policy measures. One approach, for example, is to facilitate the development of networks that can provide supports for training to small firms and build relationships in the business community. With respect to individuals, they note the important roles played by cost and lack of information in hindering individuals in investing in their own skills development. Tools that could assist individuals include financial assistance measures such as income-contingent loans for investments in job-related training and improving access to information that will allow individuals to identify and assess appropriate training providers.

(1997)