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An international comparison

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Mechanisms for increasing employer contributions to training

An international comparison

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Contents

Tables

Key messages

- The level of employer expenditure on training in Australia is often assumed to be lower than that in other compatible countries. Recent data suggest increases in reported employer expenditure, with levels now comparing favourably with that of countries often held as models for Australian policy and practice.
- Approaches to securing enterprise investment in training by government form a continuum from low-level intervention to compulsion and regulation, and range from approaches which attempt to secure voluntary commitment through to legislating enterprise expenditure on training. Voluntary commitment is often seen as the most desirable and self-sustaining approach, but is difficult to secure from enterprises.
- In Australia the prevailing view is that the level of enterprise training depends on a business case. In some other countries different factors play a part; for example, a social contract that requires employers to provide developmental opportunities for their staff.
- Potential policy mechanisms for encouraging increased expenditure are:
  - *levies*: which need to be localised, targeted and independent of government
  - *partnerships*: which are likely to recognise specific needs, such as changes in technology
  - *leverage*: which aims at increasing training by enterprises through reducing the cost to employers in subsidies or lower wages
  - *regulation*: which is appropriate for likely public benefit; for example, in improved standards of food handling.
- Ultimately, decisions about expenditure on training depend on individual employer's interests, values and commitments. Improving and enhancing employers' perceptions of the value of training are vital to increasing the levels of expenditure.

Executive summary

Enhancing enterprise investment in training

The aim of this report is to identify and discuss policy options for increasing employer contributions to their employees' training and development. The research involved a two-step methodology. In the first phase, an extensive literature review was conducted on the policies used by governments in Australia and overseas to encourage employers to invest in training. In the second phase, interviews were conducted with major stakeholders in Australia and a range of overseas experts to appraise the effectiveness of policies in more detail.

The federal government is keen to increase the level of enterprise expenditure on training, although its specific goals for that expenditure are not always clear. The level of expenditure on training in Australia is often assumed to be lower than that in other comparable countries; thus, it is also assumed, representing a threat to Australia's national competitiveness.

Although there has been considerable debate over the level and direction of employer expenditure on training in Australia, recent data suggest increases in reported expenditure on, and workplace activities associated with, training. Moreover, the level of expenditure by Australian enterprises now possibly compares favourably with that of countries often held as models for Australian policy and practice, such as Germany. Nevertheless, there is room for improvement and optimisation. Also, expenditure and activities associated with training are not consistently distributed across industry sectors and enterprises of all sizes. In selecting and implementing new policy designed to build upon the existing enterprise commitment to training, the federal government should ensure that new policies align with enterprise needs. Government must also ensure that their policies do not disrupt the pattern of apparent increases by enterprises on their training expenditure.

Goals for policy

This project has identified a range of policy goals which have the potential to be met through an enhanced commitment by enterprises to training. These goals include fulfilling specific enterprise needs as well as building the national base of skills.

These goals might include:

- subsidising the cost of the existing provision of vocational education and training (VET)
- extending the current provision of vocational education and training by increasing the available funds
- ensuring that enterprise training expenditure is more equitably distributed across occupational groups and industry sectors in the workforce
- distributing more equitably the opportunities for vocational education and training within workplaces
- improving the supply of available industry skills
- improving the quality of skill development

- promoting the importance/value of vocations and their skill levels, and their role in maintaining the economic wellbeing of the country.

Overall approaches to securing enterprise investment in training

Approaches to securing enterprise investment in training by government are realised through approaches characterised as:

- laissez-faire
- high employer commitment
- sectoral training funds
- levies
- regulation/certification.

These approaches form a continuum from low-level intervention to compulsion and regulation.

Australian enterprises consistently report that additional expenditure by them on training has to be supported by a compelling business case. Yet, beyond the business case approach, there are other factors by which policy relating to investment in training might be informed and which have been identified in this research. These include:

- the consensual and communal politics and participatory democratic structures which see policy being discussed, developed and enacted with local input (for example, Switzerland)
- the shared burden of the costs of skill development resulting from cost savings realised through the relatively low wage levels of apprentices who are willing to forgo high wages to benefit from a thorough training (for example, Germany and Switzerland)
- a broader and more collaborative base for organising and sharing in skill development across enterprises and individuals (for example, Germany and Switzerland)
- the different emphasis given to, and sponsorship of, initial and continuing development of skills, with initial vocational education and training largely sponsored by government and continuing vocational education and training sponsored by industry (for example, the Netherlands, France and Germany)
- the social obligations which arise from social charters compelling employers to provide supportive and developmental experiences in their workplaces (for example, the Netherlands, Finland and Norway)
- the evidence of the (largely unfortunate) consequences of laissez-faire approaches to ongoing skill development for contingent workers (for example, United States and United Kingdom)
- the need for localised decision-making with nationally mandated training levies (for example, France)
- the need to engage employers in the national vision for economic development (for example, Malaysia and Singapore).

Policy mechanisms for the Australian context

Given the uncertainty of policy goals, and the evidence of inconsistent commitment to investment in training across sectors, and between enterprises of differing sizes, it was concluded that, in the short term, at least four policy mechanisms might be used judiciously to secure different kinds of goals and in different circumstances. These mechanisms are: levies; partnerships; leverage; and regulation.

Levies

In the current context, three kinds of levies were seen to be potentially applicable. These are national levies, sectoral levies and local regional levies.

Only targeted national levies would be a possibility since untargeted national levies tend to generate resentment, superficial compliance and a cost view of training. For instance, a national levy targeted at low-paid and low-skilled workers (as in Singapore) or to overcome some nationally agreed problem may succeed.

Industry sector-specific levies may well work if their need is identified either within the industry sector or is accepted by it. It is likely that these levies will operate best at a state, regional or local level. Some form of visible enterprise involvement in decision-making in relation to the collection, management and expenditure of the levies seems to be crucial for engendering enterprise support.

Regional or local levies may be acceptable either within or across industry sectors. Again, the issue of transparency of processes and accessibility to benefits by enterprises contributing to levies appears to be paramount. Such levies might arise from identified needs within the community or industry (for example, the brick and the block levy in Victoria developed by the industry to address skill shortages). Importantly, the support for the continuity of such a levy is likely to be premised on explicit (visible) evidence of its successful impact on the specific community/industry.

The following is a summary of the conditions most likely to ensure an acceptable/effective levy from the perspective of industry:

- The enterprise or industry sector identifies or expresses a particular need or inadequacy (for example, skill shortage, professional development).
- It is independent from government.
- The mechanisms for collection, decision-making and enacting the levy are visible and accessible to the enterprises contributing to it.
- Enterprises can identify the positive outcomes of the levy system.
- The application of the levy generates a commitment to ongoing contributions.

Partnerships

Partnerships between enterprises and VET providers are likely to be the most useful method for encouraging expenditure by large enterprises or groups of enterprises. Industry-funded skill centres and programs shared between particular VET providers and enterprises offer potential partnership options. Such partnerships are likely to arise from the recognition of strategic goals or potential needs (for example, changes in technology, specialist skill development needs) by enterprises in that sector.

Establishing and maintaining such partnerships is likely to be dependent on mutual interest, collaboration and trust, although individual enterprise needs will have to be met to sustain such partnerships.

Demonstrating that the cost of employees' training has been shared may well provide leverage to encourage increased expenditure by enterprises. If such sharing is to be encouraged (for example, reduced cost of employment of trainees), it must be balanced with evidence of tangible advantages to employees (for example, in Germany and Switzerland, where both countries demonstrate solid and proven commitment to developing skills in the workplace).

Leverage

Subsidies from government to reduce the financial burden of employing apprentices can be used to lever additional funds from enterprises. Sharing of cost through subsidies is applicable to both small and large enterprises and can occur in locations where partnerships cannot operate, and can be targeted to address particular needs. A shortcoming of subsidies is that they become accepted as the norm and thus encourage dependence.

The policy mechanisms for government in considering leverage could include:

- finding ways of sharing the cost of employees' development across the community
- identifying industry sector needs and those of particular groups of workers most likely to benefit from the targeted subsidies
- ensuring that both subsidies and other forms of sharing are matched by enterprises' commitment to the development of their employees' skills
- promoting and acknowledging those enterprises which make significant commitments to their employees' skill development
- encouraging communities to acknowledge the effort of enterprises which make such a commitment.

Regulation

Enterprises will fund training to meet legislated or regulatory requirements, such as licensing. These requirements represent an option to ensure additional expenditure from enterprises. In recent times, the numbers and types of regulations have been increased in workplaces as a result of community expectations about the conduct of certain kinds of work (for example, food handling and preparation).

Others may well emerge as community expectations grow or change. Governments have the capacity to increase demand for training by ensuring that certain types of work are licensed. However, this mechanism needs to be used carefully and selectively to avoid countering the important purposes of licensing (for example, health and hygiene standards). Moreover, the use of legislation to promote training needs to have the support or involvement of the particular industry sector.

For government, the policy mechanisms associated with regulating training could include:

- identifying where there is a clear community interest and governmental obligation to license work practices
- appraising the likely public benefit from regulating that training
- enacting licensing arrangements in conjunction with the particular industry
- being clear about the scope of these licensing or regulatory arrangements.

Changing enterprise perceptions about training

A long-term and strategic goal for governments in Australia is to encourage a culture within enterprises and the community which voluntarily supports a strong and unequivocal commitment to training, a goal which currently represents a substantial challenge.

Ultimately, decisions about expenditure of funds on training are determined by individuals' interests, values and commitments—as managers, supervisors, and owners who make decisions about supporting their employees' development, or individuals sponsoring their own development. Mandating financial or other support for training may prove counterproductive; for example, superficial compliance or resentment towards the ongoing skill development of employees. However, when there is agreement that such measures are required, they attract broad support.

Enhancing the status of vocational practice and vocational education appears to be a key goal for the Australian context. In other countries, apprentices work for longer hours and lower levels of pay to secure prized vocational knowledge. Similarly, enterprises and unions are willing to collaborate to provide quality vocational education. Consequently, a key role for government might be to improve the status of vocational practice. It is important that governments take on this role, rather than industry, since the latter might well experience difficulty promoting arrangements which have the potential to jeopardise industrial processes.

Policy mechanisms which government may consider to enhance the status of vocational practice and vocational education include:

- ✧ acknowledging the richness and complexity of vocational practice
- ✧ promoting in the community the significance of vocational practice to everyday life
- ✧ assisting the establishment and continuity of professional bodies which seek to promote particular forms of vocational practice
- ✧ engaging and accepting the advice of professional bodies in policy formulation
- ✧ generating a climate in which the professional standing of vocational practice is held to be significant.

Methodology

In overview, the aim of this report is to identify and discuss policy options to promote employers' increasing their contributions to employees' training and development. This includes outlining the level of employer sponsorship of training identified through different statistical data, comparisons between Australia and other countries, highlighting models that seek to account for different approaches to and mechanisms for employer sponsorship of training, and consideration of policy options to lever greater commitment from Australian enterprises. This report seeks to establish the conceptual terrain for advancing policy in the area of employer sponsorship of training. In conclusion, it proposes a range of policy options for encouraging enterprise investment in training. These comprise sectoral and local levies, partnerships, leverage mechanisms and regulated training.

The procedures used in this research project involved a two-stage process of gathering information about policy and practices associated with enterprise expenditure on training and then having discussions with informants within Australia and overseas. In the first phase, a review of literature was conducted on training expenditure, enterprise practices associated with training expenditure, government policies directed at enhancing expenditure and evaluations of those policies. The literature was broadly international. The second phase comprised interviews with informants from Australian business, training organisations, training systems and enterprises. Interviews were also conducted with overseas informants from Germany, Switzerland, France, United Kingdom, Korea, Singapore, Canada, Norway, Finland and Malaysia. In addition, advice was sought from the International Labour Organisation. Whereas the literature review was formative, the interviews were intended to understand how best practices and policies adopted elsewhere might be enacted in Australia.

The report comprises five chapters. After this initial introductory chapter, scenarios presented by the data in relation to the level of employer sponsorship of training in Australia are examined. These data show that the level of sponsorship of this training is probably higher than is commonly perceived. This view is advanced through analyses of different kinds of data from surveys of employers and workers. From the perspective of employees, it appears that there is far more training occurring than is being reported by employers. This may well be a product of employer-provided data being constrained by only being able to report particular kinds of training activity—that associated with formally structured training programs. However, from employees comes a more expansive account of the training they experience in workplaces, which encompasses a broader array of learning experiences, including those provided by their employer (not taught courses). This perception is supported by recent Australian Bureau of Statistics (ABS) and other data. However, there is little conclusive data available about the quality of the range of learning experienced by Australian workers.

In the third chapter comparisons about the frequency of training experiences are drawn between Australia and other countries. It is evident that sponsorship here is comparable to that of a number of countries (for example, Germany and France) which are held as exemplars for Australia. Yet, given the different histories, organisational structures, education systems and social and political systems which shape policies towards employer sponsorship of training, it is useful to identify a range of models which capture something of the diversity of the approaches adopted in other countries. These comparisons provide both options for, and evaluations of, approaches to encourage Australian employers to invest in their employees' skill development, comparisons which can inform both policy and practice.

In the following chapter a range of models of approaches to enterprise sponsorship training are described and exemplified. These models adopt particular policy approaches and their suitability is discussed. These approaches are classified as: the laissez-faire approach, high employer commitment approach, sectoral training funds and levy schemes. Some illustrations of the appropriateness of these mechanisms are provided.

The policy implications of the different approaches to and goals for enhancing enterprise investment in training are discussed in the next chapter. A distinction is drawn between compulsory and more voluntarist approaches to policy in this area, with specific consideration given to the appropriateness of policies to the goals of governments and other stakeholders.

In the final chapter, some options for policy measures are proposed. Here, a range of options is identified for consideration and utilisation as policy circumstances require. The report argues against a general national training levy and the options advanced include a consideration of sectoral and localised levies whose genesis, development and operation are managed by the sector or interests.

Partnerships between enterprises and vocational education providers are also seen as a means by which, in particular, large enterprises might be encouraged to commit greater resources to training. Leverage measures, such as subsidies and ways of sharing the cost and rewarding enterprises for their contributions to skill development, are another option. The use of regulated training which requires employers to ensure their employees are adequately trained and certified, is also discussed. Changing Australian employers' views and values is likely to increase the level of enterprise investment in training. In this context, policy measures which enhance the status and standing of vocational practice, encourage professional associations to advocate for vocational practice and education, and those which acknowledge and reward enterprises for their contributions need to be developed.

Employer-sponsored training in Australia

There is a strong and persistent belief in Australian training policy circles that Australia is a poor performer by international standards in the provision of training. This view is particularly strong in relation to enterprise training, where it is commonly assumed that Australian employers chronically under-invest in the training of their employees and show little inclination to increase their training effort in response to government initiatives (Smith 1998, p.10). This belief is largely based on the results of successive surveys of employer training expenditure in Australia and some notoriously unreliable international comparative data. Since 1989 the Australian Bureau of Statistics (ABS) has conducted five surveys of employer training expenditure (ABS 1990a, 1991, 1994a, 1997a, 2003). The original survey conducted as a pilot in 1989 indicated that only 22% of Australian employers conduct any form of training for their employees, and that an average of 2.2% of payroll costs was invested in training activities, with employees receiving, on average, 22 hours of training per annum.

These data, together with the results from some international comparisons of incentive schemes to promote higher levels of enterprise investment in training, provided a significant element of the case for the then federal Labor Government enacting the Training Guarantee Scheme in 1990. This scheme operated from 1990 to 1996 (although it was technically suspended in 1994) and required Australian enterprises with payroll costs of over A$200 000 to spend at least 1.5% of their payroll on the provision of 'structured' training for their employees, or pay an equivalent levy to the Australian Taxation Office. Assessments of the effectiveness of the Training Guarantee in raising the level of training expenditure in Australia vary, but it is generally accepted that the scheme failed to lift training provision for the majority of employees in any significant or lasting fashion (Teicher 1995). Subsequent iterations of the Employer Training Expenditure Survey have tended to confirm the original rather gloomy assessment of the state of enterprise training in Australia. Table 1 summarises the data from the first four surveys and shows that, although training expenditure appeared to increase up to 1993, it had retreated by 1996.

Table 1: Employer training expenditure (July–September 1989–96)

	1989	1990	1993	1996
Employers reporting training expenditure, %	22.0	24.0	25.0	18.0
Payroll spent, %				
Private sector	1.7	2.2	2.6	2.3
Public sector	3.3	3.2	3.4	3.2
Total	**2.2**	**2.6**	**2.9**	**2.5**
Average expenditure per employee (A$)	133	163	191	186
Average training hours per employee	5.5	5.9	5.6	4.9

Source: ABS (1990a, 1991, 1994a, 1997a)

Employer size correlates closely with the incidence of training in enterprises. In 1996, 88.3% of large enterprises (100 or more employees) provided structured training compared with only 13.4% of small enterprises (fewer than 20 employees). The 2002 data indicate an increase in the incidence of training in all size categories, with 98% of large organisations, 70% of medium-sized and 39% of small organisations reporting the provision of structured training (ABS 2003). Spending on training also varies considerably by sector and industry. In 1996, public sector organisations spent 3.2% of payroll compared with their private sector counterparts who spent 2.3%. However, the increase from 1989 to 1996 was almost entirely accounted for by the private sector which improved its performance by over 30%, while public sector spending as a percentage of payroll remained fairly static. Variation across industry sectors is also apparent, with air transport, mining and communications spending well over the average, while manufacturing, retail and recreation and personal services spent considerably less than the average. The decline in training expenditure since 1993 led the Australian National Training Authority (ANTA) to focus on increasing industry investment in training as one of its five strategic priorities in the period 1998–2003 (ANTA 1998).

The data from the Training Expenditure Surveys have also prompted commentators to draw the conclusion that Australian employer commitment to training has declined since the abolition of the Training Guarantee in the mid-1990s. For instance, Cully and Richardson (2002) summarise their evidence on employer contributions to continuing training thus:

> Of most concern must be the evidence we have provided that suggests employer contributions to continual vocational training have fallen since the abandonment of the Training Guarantee. To reiterate, there was an 11 per cent fall in employer training expenditure (as a percentage of payroll costs) between 1993 and 1996 and a 4 per cent fall in hours of continuing training provided by employers between 1997 and 2001.
>
> (Cully & Richardson 2002, p.37)

They conclude: 'In retrospect, however, what we have witnessed over the 1990s is many employers pursuing short-term self-interest. Smaller employers reduced their investment in training, hoping to free ride on the efforts of others' (Cully & Richardson 2002, p.46).

A more trenchant critique of employer investment in training, based on the training expenditure figures, has been mounted by Richard Hall and his colleagues at the Australian Centre for Industrial Relations Research and Training (Hall, Buchanan & Considine 2002). In a paper for the Dusseldorp Skills Foundation, Hall, Buchanan and Considine argue cogently that there has been a flight of employers from training since the repeal of the *Training Guarantee Act* in 1996. This, combined with Australia's poor comparative performance on investment in knowledge, education and the creation of high-skill jobs, they argue, means that the Australian economy is in a low-skills equilibrium (Finegold & Soskice 1988), with little evidence of a strong training culture amongst Australian employers.

However, these are very broad claims based on a selective interpretation of the employer training statistics. It is far from clear that this pessimistic view of the state of industry training in Australia is justified, given the range of data now available on the incidence of enterprise training. The ABS conducts two other surveys which present data on industry training—the Employer Training Practices Survey (ABS 1994b, 1997b) and the Survey of Education and Training Experience (ABS 1990b, 1994c, 1998, 2002). The Survey of Education and Training Experience and its forerunners is a household survey sampling some 20 000 dwellings and collecting data on all individuals aged from 15 to 64 years for the previous year. The results from the 1997 survey show that in 1997, 80.2% of workers received some form of training. On-the-job training was the most common form of training, with 71.6% of workers receiving this type of training. The incidence of in-house training in organisations was far less, with only 33% of workers receiving this form of training. About 16% of workers were studying for an educational qualification. However, like the figures on training expenditure, there is considerable variation between industries on the type of training received by employees. Employees in the utilities, communications or service industries were more likely to receive training than those in transport, manufacturing or agriculture. The results of the three surveys for employee training to 1997 are summarised in table 2.

The data from the Survey of Education and Training Experience display some interesting contrasts with the Training Expenditure Survey data. The most obvious difference is that the experience of training for individual workers is far higher than the Training Expenditure Survey data might lead one to expect. Over the 1990s, 80% or more of workers have undertaken some training. Although the most common experience is of on-the-job training, over 30% of workers have received in-house training—very similar to the 'structured' training definition used in the Training Expenditure Survey. In addition, the pattern of provision has changed during the period 1989–1997 in different ways from the pattern of training expenditure from the Training Expenditure Survey. While the overall incidence of training and of on-the-job training rose in the early 1990s and fell away later in the decade, in-house or structured training has increased since 1993 and participation in external training courses almost doubled during the period.

Table 2: Individuals' experience of training 1989–1997 (% of workforce undertaking training)

Activity	1989	1993	1997
Some training undertaken	79.0	85.8	80.2
Studied in previous calendar year	16.8	18.6	15.8
In-house training course	34.9	31.3	33.0
External training course	9.8	11.8	20.0
On-the-job training	71.8	81.8	71.6

Source: ABS (1998)

Data from 2001 (ABS 2002) show that the incidence of employer-sponsored training still appears to be increasing. The proportion of Australian workers undertaking work-related training grew from 30% of the workforce in 1993 to 45% in 2001. Thirty-seven per cent of workers completed at least one work-related training course in 2001 and the proportion of workers completing on-the-job training grew from 65% in 1996 to 69% in 2000. Despite the apparent decline in employer training expenditure since the mid-1990s, the majority of Australian workers claim they are receiving some form of training from their employers and many are undertaking structured, off-the-job training in their firms.

These figures complement the data for overall enrolments in the Australian vocational education and training (VET) system which show that the numbers undertaking a VET course have increased by almost 60% in the last ten years to over 1.75 million in 2001, to the point where over 12% of the Australian population undertakes a VET course each year (NCVER 2002). Moreover, this participation involves students from all age groups, not just those who are engaged in entry-level training. So, it is those within the workplace as much as those negotiating entry to the workplace, who are participating in vocational education in increasing numbers.

The increasing incidence of in-house training contrasts sharply with the Training Expenditure Survey data which indicates a decline in expenditure on structured training over the same period. Despite the differences in definitions between in-house training in the Survey of Education and Training Experience and structured training in the Training Expenditure Survey, the data from the former suggest that the provision of off-the-job training courses on the employers' premises has increased since 1993.

More evidence of the widespread provision of industry training can be gained from the Employer Training Practices Survey (TPS). This survey is qualitative and gathers information on the type and extent of training provided by enterprises to their employees. Data are collected for a full year rather than for three months, as is the case for the Training Expenditure Survey. Two Employer Training Practices Surveys have been carried out (ABS 1994b, 1997), covering the years 1993 and 1996. In 2002, the Training Practices Survey was administered in combination with the Training Expenditure Survey in a new survey—the Training Expenditure and Practices Survey (ABS 2003). The Training Practices Survey was administered to the same population as the Training Expenditure Survey so the data are comparable between the two surveys. However, the data from the 2002 survey are not fully comparable with the previous years. The results from the 1997 Training Practices Survey show that 61% of all employers provided training to their employees during 1996. This increased to 81% in the 2002 survey; 35% provided structured training, while 53% provided unstructured training in 1996, increasing to 41% and 79%, respectively, in 2002. As with training expenditure, the incidence of enterprise training in the Training Practices Survey varies considerably with size. In 1996, 99% of large enterprises claimed to be providing training, while 57% of small employers claimed to be providing training for their employees. The provision of structured training follows the same pattern, with 93% of large enterprises providing structured training and 30% of small enterprises. By 2002, this had increased to 98% of large enterprises and 39% of small enterprises. The Training Practices Survey data also show that the low incidence of training provision amongst small enterprises is concentrated in the micro-business end of the spectrum—those enterprises employing fewer than five people, including those businesses which have no employees and represent about half of all small businesses. The figures for small business from the 1996 survey are summarised in table 3. However, it needs to be acknowledged that small business operators have consistently claimed that the orthodox provision of vocational education through taught courses fails to meet their needs (Coopers & Lybrand 1994). Small businesses highlight the fact that they are not smaller versions of large enterprises (Kempnich, Butler & Billett 1999). Much of the vocational education provision in Australia seems to be directed towards large enterprises and their needs.

Table 3: Percentage of small business enterprises providing training 1996

Type of training	1–4 employees	5–9 employees	10–19 employees	All small business
Structured training	20	43	60	30
Unstructured training	38	65	78	49
All training	45	74	86	57

Source: ABS (1997b)

Despite the similarity in the pattern of training provision, however, there is a remarkable difference in the incidence of training provided by the Training Expenditure Survey and the Training Practices Survey. In almost every case, the incidence of structured training detected by the Training Practices Survey appears to be about double that detected by the Training Expenditure Survey. Thirty-five per cent of enterprises report providing structured training to their employees in the Training Practices Survey compared with only 17.7% of enterprises in the Training Expenditure Survey; 30% of all small enterprises provided structured training in the Training Practices Survey compared with 13.4% in the Training Expenditure Survey. For larger enterprises, the figures are more comparable. Nevertheless, 99% of enterprises provided structured training in the Training Practices Survey compared with 88.3% in the Training Expenditure Survey.

There are some differences between the two surveys which might account for some of these divergent findings. In particular, the Training Expenditure Survey provides data for only one-quarter in the year, whereas the Training Practices Survey gathers data on training activity for the preceding 12 months. The Training Practices Survey collects a broader range of data than the Training Expenditure Survey with the emphasis on qualitative data rather than on the strictly defined quantitative data of the Training Expenditure Survey. Thus, the Training Practices Survey may allow the collection of data on training activities that cannot be fitted into the strict definitional guidelines of the Training Expenditure Survey. Further evidence of the more all-embracing approach of the Training Practices Survey is provided by the slightly different definitions of structured training used in the two surveys. In both surveys, the definition of structured training allows the inclusion of on-the-job training. However, in the Training Expenditure Survey on-the-job training is restricted to training 'associated with the assessment of accredited competency-based skills'. This definition severely limits the amount of on-the-job training captured under the definition of structured training in the Training Expenditure Survey and may help to account for the lower incidence of structured training reported.

Thus, the Training Practices Survey appears to be a better guide to the true level of structured training provided within enterprises. What seems significant is that employees report higher levels of in-house training than do their employers. This may well be a product of the employers responding to surveys which constrain the reporting of training activity, because their definitions are defined more narrowly. However, it might be expected that employers would seek to amplify their efforts. Conversely, those in the workplace do not always acknowledge on-the-job training when a peer or supervisor provides it. So, there are at the least, two realities: that of the employers and that of employees. Employees may be providing a more comprehensive picture based upon their learning experiences. This presents itself as a useful way of transcending training provided through structured and credentialled courses, and those other kinds of learning experiences that individuals encounter in workplaces. Ultimately, perhaps, this is the most important measure.

Further support for a more optimistic view of the incidence of industry training in Australia is provided by the Business Longitudinal Survey (ABS 1999). This survey comprises a composite of data gathered from a sample of business on the ABS business register. The Business Longitudinal Survey gathers data primarily relating to business and financial performance of enterprises, but also includes some simple questions on the provision of training to employees. In 1997–98, the Business Longitudinal Survey data indicated that 54% of enterprises provided training to their employees and 23% provided structured training. While these figures fall between the data provided by the Training Expenditure Survey and Training Practices Survey, it is important to note that the Business Longitudinal Survey collects data from enterprises with fewer than 200 employees. Thus, large enterprises are under-represented in the sample. This suggests that a higher rather than a lower estimate of industry training is warranted by the ABS data overall. Estimates of the number of employees receiving training from their employers in the period of the survey suggest that 68% received on-the-job training, while 46% received structured training. These figures are broadly in line with those of the Survey of Education and Training Experience for on-the-job training. The numbers receiving structured training are higher than the number receiving in-house training in the Survey of Education and Training Experience. However, the definition of structured training in the Business Longitudinal Survey is broader than that of in-house training courses in the Survey of Education and Training Experience.

In sum, it has been proposed that there may well be a higher level of training than has been acknowledged previously, particularly that taking place in large Australian enterprises and encompassing a wider set of criteria about learning-related activities in the workplace. This is important because it suggests an interest in, and action and engagement by, employees and a commitment to skill development by employers which provides a positive platform upon which to base policy. The Training Practices Survey and the more recent Training Expenditure Survey data indicate that there is an interest and a willingness on the part of Australian enterprises to sponsor skill development. However, while the picture being painted may be more positive than anticipated, it is necessary to examine Australia's performance by comparison with other countries, including those with whom we compete in the global marketplace

International comparisons

In recent years, an apparent decline in training expenditure and in the hours of training provided to employees of Australian enterprises in the wake of the abolition of the Training Guarantee Scheme has led to charges that employers are reducing their commitment to training. It has also been argued that policies need to be devised to compel them to increase their investments in training (Hall, Buchanan & Considine 2002). Similar calls have also been made in the United Kingdom where employers have been blamed for that country's apparent poor record on employer training (Keep & Payne 2002).

However, it is by no means clear that Australian employers spend much less than many of their counterparts in other developed nations as is often implied. Figures from the European Union's Continuing Vocational Training Survey (CVTS II) show that Australia lies towards the top end of the normal range of employer training expenditure of about 0.5 to 1.7% of payroll costs. Table 4 displays data from the most recent Training Expenditure and Practices Survey (ABS 2003) alongside data from the European Union Survey. While not strictly comparable, the data are very consistent in that they measure the direct, net training costs borne by employers.

Table 4: Percentage of wages and salaries spent by employers on employee training: Australia (2002) and selected European Union countries (1999)

Country	% payroll	Country	% payroll
Australia (2002)	1.3	France	1.3
Denmark	1.7	Finland	1.3
Netherlands	1.7	Germany	0.9
Norway	1.6	Austria	0.8
Ireland	1.5	Spain	0.5

Source: European figures from the Eurostat CVTS II database; Australian figures ABS (2003)

Although these figures are only broadly comparable, it is nevertheless clear that assumptions that Australia lags well behind other developed nations in employer training expenditure are possibly unfounded. As noted earlier, the data suggest that Australia lies towards the upper end of the normal range of employer expenditure on training of existing workers. It is interesting to note from these data that countries such as Germany, which have been held up in the past as models for the Australian training system, fare less well when comparisons are based on the continuous training provided by employers, than on the training provided for young people through the apprenticeship system. Also, the comparison with France with its well-known training levy system is most noteworthy.

In summary, it appears from the various sets of data that a significant amount of training is being provided by Australian employers, and it may be higher than the current orthodoxy suggests. Some 80% of Australian workers report receiving some form of training from their employers. Over 80% of Australian employers claim to be providing some form of training for their employees. Between one-third and one-half of Australian workers are taking part in formal, structured training in the workplace, with 70% of workers taking part in on-the-job training. Over 40% of Australian employers claim to provide structured training.

Goals for policy in enhancing enterprise expenditure on training

Apart from the overall level of training activity as suggested by the training expenditure figures, there are other matters that need to be considered. Principal among these is an examination of the purposes for which enterprises are expected or encouraged to increase their expenditure. For instance, should their funding be used merely to subsidise an overwhelmed public vocational education and training system, or should it be directed towards improving the quality of skill development, or providing access to training by a greater percentage of the workforce? Reasons why governments in many developed countries have sought to introduce measures to regulate or increase employer expenditure on training include:

- Employer expenditure in training can improve the distribution of the training effort between employers. In all developed countries, the distribution of training between enterprises is not even. Large and medium-sized enterprises spend more on training than small enterprises. Training is also skewed by industry sector, although European Union data suggest that the degree of distortion is less marked in countries with higher levels of employer training expenditure (Nestler & Kailis 2002a). In Australia, as in the European Union and the United States, the financial services sector is a particularly high performer in training, while the building and construction sector tends to spend less on training in most countries.
- Improving the distribution of expenditure across industry sectors is also an important goal. The provision of vocational education through the public VET system in countries such as Australia is a product of history, rather than planning. This has led to certain industry sectors being offered comprehensive provision of vocational education, while other industry sectors have done less well from publicly funded courses. In Australia, the requirement to provide the off-the-job

component of apprenticeships led to the establishment of vocational education colleges to provide for the manufacturing, construction, automotive, hospitality and some service sectors. However, other sectors (for example, food processing, secondary processing, extractive industries) have received much less from the public purse, while contributing to it. Therefore, governments might seek to improve the equity of the provision of vocational education and training through the public VET system across the entire spectrum of industry sectors.

- Improving the distribution of training between different groups of employees is another important goal. Certain groups of employees are more disadvantaged in terms of access to employer training than others. Older, less educated, blue collar workers and workers from a migrant background tend to receive less training than the younger, better educated and native workers. As noted above, workers in certain industries will tend to have greater access to training than those in other sectors.
- Employer expenditure in training can increase the national stock of skills. Employer training is often seen in the developed nations as a critical element in the formation of the national skills profile (Keep & Payne 2002). A belief in the importance of skills to national progress has been at the heart of the efforts of some South-East Asian nations—notably, Singapore, Malaysia, Taiwan and South Korea—to regulate the training activity of employers, although with mixed success (Ashton et al. 2002).
- Increasing employers' contributions to the development of the VET system is another goal of employer expenditure on training. Interest in the German 'dual system' has often focused on the role of employers, particularly in their financing of the system (Berger & Gunter 2002). However, despite numerous efforts, it has proved very difficult for other countries to adopt the dual system approach. A key reason for this has been the reluctance of employers in other countries to finance initial vocational training in the manner of the dual system. In South America some success was experienced in the 1970s and 1980s with the use of employer levies to finance the development of vocational training colleges (Gasskov 2001) but these efforts have largely been abandoned in recent years.

There are, therefore, a variety of reasons for policy interest in increasing employer financial contributions to training and a number of mechanisms have been developed to increase employer investments in training in different countries. However, governments have often been unclear in distinguishing their policy goals in this regard and have adopted models from overseas with little consideration given to their social, cultural or economic compatibility with conditions in the host country (Schmidt 2002). Nevertheless, despite the difficulties of identifying the sources and histories underpinning policy in these countries, it is possible to identify a number of broader approaches to employer financing of training. The following chapter attempts to classify these approaches into a classification which identifies commonalities which transcend national borders.

Classifying employer approaches to financing training

A multiplicity of arrangements have been used worldwide in attempts to increase employer investment in training, and as Keating et al. (2002) comment, most developed economies have been wrestling with the issue of demand management in enterprise training for many years and none has yet developed the perfect solution:

> It is in this area that the ideological divides are the most prominent, exemplified by the UK on the one hand with its voluntarist traditions and France on the other with its high degree of state intervention. (Keating et al. 2002, p.171)

To this could be added that national arrangements for the financing of employer training are also heavily influenced by the economic and social structures of these nations (Maurice et al. 1986). This means that, although national approaches have tended to be uniquely developed to suit individual economic, social and cultural circumstances, they share a number of significant elements—partly based on shared cultural and social values. Therefore, it is possible to identify some commonalities in approaches across these economies.

Gasskov (2001) developed a typology of government–employer-financing arrangements for training. He identifies five different approaches:

- ✧ Enterprises have no legal obligations for training (Canada, United Kingdom, United States, the Netherlands and Sweden).
- ✧ Employers voluntarily take significant responsibility for the financing of training (Germany, Switzerland and Japan).
- ✧ Employers and unions set up training development funds under collective industrial agreements (Belgium, Denmark and the Netherlands).
- ✧ The government offers tax exemptions to enterprises which train their workers (Belgium, Chile, Germany, South Korea, Malaysia and Pakistan).
- ✧ The government introduces compulsory financing of training by employers (Denmark, France, Ireland, South Korea, Malaysia and many South American countries).

Others have developed typologies more explicitly based on the social, economic and cultural differences between nations. David Ashton and his colleagues at the Centre for Labour Market Studies at Leicester University developed a framework to explain skills formation practices in a variety of nation states (Ashton et al. 2002). They identified four models of skills formation:

- ✧ *Market model*: this model developed in the early industrialising nations of the United Kingdom and the United States. The economies of these nations were based on low value-added and low-skilled production sustained by industrial and military hegemony. Employers dominated skill formation policy with little government intervention. Thus employers were left to decide on the type and amount of training they provided to workers. Apart from the United Kingdom and the United States, countries using the market model include Australia and New Zealand.
- ✧ *Corporatist model*: the corporatist model developed in northern European countries which industrialised at the end of the nineteenth century. In these countries the government played a more direct role in guiding industrial development, and the expansion and reform of the education system became a critical source of skills for the new industries. Governments also encouraged the development of more collaborative systems of industrial relations between

employers and the strong labour movements which emerged in countries such as Germany, Austria, Switzerland, the Netherlands and Denmark. These collaborative arrangements also applied in the area of training, its modern manifestation being the role of the social partners in training in the German, Austrian and Swiss dual systems and the training funds of the Scandinavian countries.

- *Developmental state model*: this approach to skill formation arose in the East Asian countries which have achieved high levels of growth in the post-Second World War period, including Japan, South Korea, Singapore and Taiwan. Although the arrangements for skill formation differed significantly in these countries, the central element of the developmental state model involved the highly direct intervention of government in order to influence the nature of industrial development. Governments in these countries also consciously moulded the education and training systems to provide the skills for rapid industrialisation. In some cases, such as Korea and Taiwan, the development of the education system took place within an authoritarian political structure, while in others, such as Japan, development has been couched within a national consensus on the efficacy of education as an economic good.
- *Neo-market model*: typified by the development of the Latin American countries since the 1970s, the neo-market model was founded on the rapid state-led industrialisation of the economy which was nevertheless unbalanced, in that the development of financial institutions did not keep pace with the level of industrialisation. As in the developmental state model, governments moulded the education and training systems to provide the base necessary to support development, often through employer-level systems. However, the collapse of these economies in the 1980s and 1990s led to the intervention of financial bodies such as the International Monetary Fund and the imposition of free market economic policies. The result of these policies has been the decentralisation of education and skills training with the growth of a significant private sector.

Developing a typology for the Australian context

For the purposes of this project, we have synthesised these typologies of government–employer financing arrangements in order to categorise, in a way that has meaning in Australia, the various mechanisms which have developed worldwide to encourage greater employer investment in training. The categorisation is as follows:

- *Laissez-faire systems*: These systems apply in countries covered by Ashton et al.'s (2002) market model— Australia, the United Kingdom, the United States and Canada. In these systems there are few regulations imposed on employer training activities. Employers are free to train or not in accordance with their perceived business needs. The laissez-faire approach has attracted much criticism in all these countries which have been famously characterised as tending to a low-skill equilibrium (Finegold & Soskice 1988) in which the need for skills is replaced by work simplification and deskilling in a mass production environment. More recent commentary has tended to repeat this theme, viewing the persistence of skills shortages in these countries as proof of market failure in training (Hall, Buchanan & Considine 2002; Ashton & Green 1996). However, as the figures quoted in table 1 suggest, it is not clear that employers in these countries spend significantly less on training their workers than countries with a more regulated approach.
- *High employer commitment systems*: These systems occur in those countries covered by Gasskov's category of systems in which employers voluntarily take a high degree of responsibility for skill formation. There is a legal obligation on employers to train, but the training systems are based on workplace-based training financed by employers. There are two commonly acknowledged examples of high employer commitment to training—the dual system countries of Germany, Austria and Switzerland and the extensive on-the-job training systems of Japan.
- *Sectoral training funds*: Based on Gasskov's category of arrangements, whereby employers and/or government establish training funds based on industrial agreements between the social partners and found in Ashton et al.'s corporatist model, sectoral training funds cover industry sectors and allow employers to provide training with funding provided by the training funds. There are a number of examples of such funds, including the Construction Industry Training Funds in Australia, the Dutch O+O funds and the Scandinavian training funds.

- ✧ *Levy schemes*: Gasskov's category of the compulsory financing of training by employers is found mainly in Ashton et al's (2002) corporatist and developmental state models, although examples of such schemes exist outside these categories; for example, the now defunct levy-grant scheme operating in the United Kingdom. The most commonly quoted means of increasing employer investments in training are universal levy schemes whereby all or most employers are required to pay into a training fund from which they can apply for funding to support training (levy-grant systems), or pay into a fund if they do not meet a pre-determined level of training expenditure (levy-exemption systems). In Australia, the Training Guarantee Scheme was a form of levy-exemption scheme. Although it appears that the Training Guarantee increased employer training expenditure for some time in the mid-1990s, evaluations of the scheme have found little evidence of its impact on increasing training activity at the enterprise level but have highlighted its effect in stimulating a wider interest in and knowledge of training amongst employers (Baker 1994; Teicher 1995). Yet there is a concern that this initiative led to enterprises having greater awareness of the cost of training, without being able to identify the benefits of this expenditure. That is, it is far easier to estimate the cost than the benefit of training.

Having identified some models of approaches to enterprise investment in training, the section following identifies the policy mechanisms which have been adopted within these models. From here a consideration of which options are appropriate for the Australian context is possible. This occurs in the final section.

These four categories for increasing employer contributions training are now elaborated.

Laissez-faire systems

Despite the laissez-faire and voluntarist approaches to skill formation which have characterised the United Kingdom since the Industrial Revolution, Britain has experimented with compulsory systems for encouraging employer investments in training in the past. The 1964 *Industrial Training Act* established a system of industry training boards for all industrial sectors in the United Kingdom. These boards oversaw the development of apprenticeship training for their respective sectors and also encouraged the development of employer-sponsored training for existing workers. The work of these boards was supported by a levy-grant system operated on an industry basis. Employers contributed a percentage of their payroll costs (the percentage varied between industries but was usually less than 1%) and could apply for funds to support specific training initiatives. In the 1970s, the scheme changed to one of levy-exemption and the grant function largely disappeared.

In 1981, the industry training boards and the levy system were abolished as part of the introduction of the New Training Initiative under the Thatcher administration. The New Training Initiative saw a return to voluntarism, with many of the industry training boards disappearing altogether but some remaining under the aegis of employer associations. In the late 1980s, the British Government sought to decentralise the coordination of employer training to a series of 80 regional, industry-led bodies—the training and enterprise councils. Government funding for initial vocational training and for continuing vocational training was devolved to these bodies, which worked with local industry to improve training provision. Training and enterprise councils were criticised by employers for their parochial regionality since many large enterprises in the United Kingdom spanned a number of training and enterprise council areas and found it difficult to deal with the multiplicity of bodies. They were also criticised by commentators who observed that the employer-led nature of the training and enterprise councils was not resulting in the creation of a training culture in British industry (Lloyd & Payne 2003).

The system of training and enterprise councils has been replaced under the Blair Government by the Learning and Skills Council structure. In essence, the Learning and Skills Council is composed of regional learning and skills councils (with regional areas covering largely the same areas as the former training and enterprise councils) reporting to a single national Learning and Skills Council. The major difference between the two structures is that the regional learning and skills councils have been brought back under the control of the Department for Education and Skills and include a genuine tripartite representation (unions were excluded from the training and enterprise councils under the Conservative government). The Learning and Skills Council has also recently established a network of sector skills councils which will operate in a similar fashion to the Australian industry training advisory bodies, advising government on skills shortages and coordinating training plans for their industry sectors.

In keeping with the voluntarist nature of the training and enterprise council system and the later Learning and Skills Council, there has been no attempt to revive the legislated levy on employers to encourage training. Instead, the emphasis for the improvement of training for existing workers has been focused on the Investors in People scheme. This has sat alongside governmental exhortation for enterprises to invest more in their employees' development.

The Investors in People program operates in a similar way to International Standards Organisation accreditation in the area of quality management, but with a specific focus on human resource development practices in enterprises. Those enterprises meeting the Investors in People standard are permitted to use the Investors in People kitemark for publicity. Investors in People has gained some coverage; however, take-up has been concentrated amongst large and, to a lesser extent, medium-sized firms. In a survey conducted for the Department for Education and Employment in 2000, only 16% of firms in the United Kingdom had been formally recognised in the Investors in People program (Department for Education and Employment 2001). Table 5 shows how recognition is directly related to size.

Table 5: Recognition in the Investors in People program, by size of employer

No. of employees	% recognised
1–4	13
5–24	22
25–99	32
100–199	37
200–499	42
500+	48
Total number of employers	**16**

Source: Department for Education and Employment (2001, p.94)

Table 6 shows that recognition is also concentrated in certain industry sectors—particularly the public sector. The skewed distribution of Investors in People recognition by size and industry bears an uncanny resemblance to the skewed distribution of training expenditure found in Australia (ABS 1997) and suggests that Investors in People has achieved little in the improvement of access to training.

Table 6: Recognition in the Investors in People program, by industry sector of employer

Industry sector	% recognised
Manufacturing	10
Agriculture, mining and utilities and construction	8
Distribution and consumer services	19
Finance and business services	14
Transport, public admin. and other services	21
Total number of employers	**16**

Source: Department for Education and Employment (2001, p.94)

The distorted distribution of training amongst enterprises has led commentators to remark that Investors in People has been used to highlight those enterprises which already invest significantly in training rather than encourage firms which do not invest to undertake more training of their employees (Goodwin, Hills & Ashton 1999). Amongst enterprises involved with the Investors in People program, the scheme seems to have a beneficial impact on the nature and quality of the training they undertake. An evaluation of the program for the Institute of Employment Studies concluded that it had:

- spurred employers to make changes to existing practices that would not have otherwise occurred
- delivered improved training and skills which enhance business performance
- added value to the enterprise above the costs of the scheme. (Hillage & Moralee 1996)

The Investors in People program appears to work in a similar fashion to International Standards Organisation and other forms of quality accreditation in that it improves internal processes for those already providing training, but it is not clear that it increases overall employer investments (Emberson & Winters 2000). The Investors in People program has been trialled on a limited basis in Australia through the Australian Institute of Management.

High employer commitment systems

In Germany, the famous 'dual system' is focused on initial vocational training and provides large-scale apprenticeship training across most sectors of commerce and industry. It is based on the medieval central European traditions of apprenticeship and its name reflects the dual nature of the training—split between employer-provided and training received in the vocational training schools (berufschule) over a period of four years which constitute the apprenticeship (Attewell & Rauner 1999). The dual system has been very popular in Germany. Covering 370 occupations from all sectors in the economy, around 70% of young people participate in the system. In this way, it seems to be seen as a viable alternative to higher education. Responsibility for the operation of the dual system is agreed between the federal government, the state governments and employers through their associations—the regional chambers of commerce and craft. In this arrangement, the employers play the dominant role. The federal government brokers the relationship between the social partners, and the system is founded on the federal *Vocational Training Act* passed in 1969 which defined the role that the parties play in the system. The federal government also takes responsibility for the development of the system through the formulation of standards for training and the extension of the system to new occupations. The role of the federal government is coordinated through the Federal Institute for Vocational Training.

State governments provide the vocational training schools which provide the off-the-job instruction in the apprenticeship system. However, employers provide the bulk of the funding for the dual system through the Chambers of Commerce and the Craft Chambers. Berger and Walden (2002) have estimated that over 70% of the funding of the dual system is provided in this way by employers. Employers contribute to the system through payments made to the chambers by the firms which employ apprentices. However, in recent years the dual system has come under strain as employers seek to meet the demand for places which has been increased by the absorption of the former East Germany into the federal republic. In essence, there are fewer training places offered by fewer employers. It has also proved difficult to persuade former East German employers to participate in the dual system because there was no tradition of employer-sponsored training under the communist regime (Cockerill & Scott 1997). Moreover, in recent years fewer employers in the former West have taken on apprentices as a result of the ongoing economic problems of the country.[1] Other problems which have been highlighted in recent years in the dual system include:

- A perceived lack of flexibility to accommodate new and emerging occupations is a major problem. The dual system appears to be slow-moving and cumbersome in its recognition of new occupations. However, it appears that the system is becoming more responsive to occupational change and the Federal Institute for Vocational Training is concerned to ensure that quality training standards are put in place for new occupations (Sauter & Schmidt 2002).

[1] Interview with Professor Thomas Deissinger, University of Konstanz, Germany.

- ✧ A push by employers to reduce the length and time-serving nature of apprenticeships is also a significant problem. Concerned by the increasing number of young people who are choosing the higher education pathway through the academic high schools (Gymnasia) and the university entrance qualification (abitur) over the traditional apprenticeship system, as well as the 10% of young people who drop out of the system, employers have suggested that new two-year apprenticeships be introduced to combat the drift away from the system.

The financing of the system has also been called into question. Under the *Vocational Training Act*, employers who employ apprentices bear the financial burden of running the dual system. However, this has led to the perception that the majority of employers who do not participate in the dual system are able to freeload on the backs of the larger employers who train apprentices who may be later poached by non-training employers. Unions have argued that the system should be financed through an employer levy or through a sectoral levy (as is already the case with the construction industry in Germany), but employers have resisted calls for a wider employer levy, claiming that it will not impact on the quality of the training system and that small and medium-sized firms will benefit disproportionately from access to funds (Kath 2002).

However, employer financial commitment to initial vocational training in the dual system does not translate into a similar commitment to continuing vocational training. At only 0.9% and 0.8% of payroll respectively, Germany and Austria are amongst the lower spending countries on continuing vocational training in the European Union. Continuing vocational training is largely unregulated in Germany and is viewed as an individual expense. Hence, skilled workers wishing to obtain the ‘meister’ qualification largely do so in their own time and at their own expense. This is despite the fact that German enterprises cannot employ apprentices under the dual system without having a suitable number of meister on staff (Pischke 2000). German unions have proposed the introduction of a levy on employers to finance continuing vocational training but this has been strenuously opposed by the employer organisations (Cockrill & Scott 1997). It seems that in the dual system countries, high employer investments in initial vocational training are traded off against lower investments in continuing vocational training.

In contrast to the dual system countries, the Japanese skill formation system is based on employer-provided continuing vocational training in the workplace rather than on initial vocational training. The Japanese system is based on single points of entry into large enterprises with well-developed internal labour markets (Dore & Sako 1989) and involves structured in-house training, often in the workplace. However, estimates of employer expenditure on continuing vocational training in Japan do not capture the full extent of the Japanese system as much of the training is delivered in the workplace and is built into the work routine. Like the dual system, the Japanese approach to training is highly culturally bound, and while it has been the object of study in the past, it has rarely been successfully transplanted into other countries except through the establishment of Japanese enterprises overseas (Adler & Cole 1993).

Denmark offers a different perspective on higher employer commitment to training. In this country, employer commitment to the training system is based on a combination of government financing and the role of the social partners in engineering consensus at the firm level on the importance of training.

The Danish system of vocational education and training was traditionally based on a strong apprenticeship system. Unlike the German dual system, however, the Danish apprenticeship system was based on government regulation and financing of vocational training in a limited number of skilled trades. In the 1960s, as Denmark moved into a more industrialised economy, the popularity of apprenticeships dropped as young people favoured higher education, and employers sought to expand training for semi-skilled workers. In the mid-1960s the adult vocational training system became the central feature of the Danish system of vocational education and training. Financed by government but regulated through joint government, union and employer committees, the Danish system provides work introduction courses for young people and the unemployed, as well as training for semi-skilled and skilled workers (Olesen 1997). The system provides training for existing workers as well as for new entrants to the labour market. It is an integrated system which is aimed at the continuing vocational training needs of employees as much as at the needs of new workers and the unemployed. Training through this system is financed by government, which pays the wages of those attending training in these programs, and is delivered through a series of colleges in Denmark (Nielson & Cort 1999). The training programs offered through the Danish system are determined by the training plans drawn up for the 55 main industry and commercial sectors in the Danish economy and the emphasis throughout the system is on joint regulation by the social partners.

The notion of joint regulation operates very strongly at the firm level, with the inclusion of training provisions in most collective agreements between employers and unions (Olesen 1997). Since 1991, many collective agreements have included training funds to finance the continuing training of employees at both the sectoral and the individual firm level and the right, for a large number of employees, to the equivalent of one week's training per year. It is estimated that about one-third of the private sector workforce is covered by these collective provisions for training. The training funds in Denmark are not large and operate on a tripartite basis but tend to fund only experimental and innovative training approaches. Much of the continuing vocational training offered by Danish employers is firm-specific and provided through the national system (Olesen 1997).

A particular innovation in Denmark has been the Jobrotation system. This scheme involves the substitution of unemployed workers for workers in firms who are receiving training—usually through the national system (Nielsen & Cort 1999). Although Jobrotation is usually spoken of as a training system, the scheme was devised as an answer to the very high levels of unemployment experienced by Denmark in the early 1990s. In 1993, when the scheme was first launched, the Danish unemployment rate stood at 12%. Jobrotation is a combined work and learning program.

Under the model, as we have noted, employers can seek funding from various government agencies to employ an unemployed person to replace a worker who is released for training. The usual ratio of workers for replacements is from two to four to one; that is, the employer will release up to four workers for each replacement worker who can be funded. The advantage to the employer is that they can train workers without any consequent loss of production while the replacement worker gains valuable work experience. In many cases, participation in Jobrotation has resulted in the creation of permanent jobs for the replacement workers (Grunewald & Sorensen 2002). Participation in Jobrotation expanded rapidly in the early years of the scheme to around 36 500 in 1996 or 1.3% of the workforce. However, these rates of participation have declined as unemployment has dropped in Denmark. At the same time, employers have increased the ratio of training workers to replacement workers towards the 1:4 end of the spectrum. However, the model has been so successful in Denmark that it has also been piloted in most of the European Union countries, particularly in Germany where unemployment remains high by the Organisation for Economic Co-operation and Development (OECD) standards. The model suits the particular Danish concern with equity, consensus and skills development.

In the other Scandinavian countries of Norway and Finland, governments have not adopted specific policies on employer training. Both countries report a high level of employer training through the European Union's Continuous Vocational Training Survey. In Finland 82% of employers provided training in 1999, in Norway the figure was 86%. Moreover, employee participation in employer-provided training is high across small, medium and large firms, with over 50% participation by workers in training in small and large firms, and slightly less in medium-sized firms. These participation rates compare with an average of 40% for the European Union countries as a whole (Nestler & Kaillis 2002b).

As a result of this high ongoing commitment to employer training, the Norwegian and Finnish governments have focused on other aspects of working life. Both countries have long sponsored research and innovation in the general quality of working life. For a number of years Norwegian firms have been pioneers in the introduction of autonomous teamwork and in the provision of employee benefits, such as family-friendly workplaces. In Finland, the Working Life Development Program has emphasised the importance of high-quality training and development programs in the evolution of more productive workplaces. Thus, training plays a major role in the quality of working life programs which operate in both countries. However, the emphasis in these programs is not so much on the quality of employer training rather than on the quality of the training provided and the equality of access enjoyed by different groups—moving away from the skewed distribution of employer training found in all developed countries to a more egalitarian model. Employers in both countries also have access to funds provided under the Social Program of the European Union which provides support for improving aspects of working life, including the provision of employer training. In general, the consensus model which exists in both countries has encouraged the development of a widely recognised right to employer training amongst both employers and employees which underpins the high level of training provision.[2] This model is underpinned by a mature social charter.

Sectoral training funds

Sectoral training funds involve the voluntary establishment of training funds through employer levies on an industry basis. Perhaps the best-known example of sectoral training funds overseas can be found in the Netherlands.

Since the early 1980s, the Netherlands has adopted the 'Polder' model of employment regulation. This model is derived from a national agreement on wage fixing which saw the end of automatic indexation in return for a commitment on the part of employers to bargain on working hours (Wassenaar Agreement). The model of social partnership established in the Wassenaar Agreement became the basis for many other aspects of employment regulation in subsequent years (Mulder & Tjepkema 1999).

Following the principles of the Polder model, the Wagner Commission in 1984 recommended that the VET system should be administered through a social partnership arrangement involving government, training providers and the business community. Since that time, the VET system has been regulated through a series of tripartite committees, in much the same way as Denmark. In 1996, the Dutch VET system was completely overhauled following the enactment of the *Education and Vocational Education Act* (WEB Act). This act replaced all previously existing VET legislation and introduced three major changes to the Dutch system:

- a new system of national qualifications based on four qualification levels and two pathways—work-based and institution-based
- the rationalisation of all existing public training providers into 46 regional training centres which provide nearly all initial vocational training and much continuing vocational training in the country
- the reform of funding for initial vocational training towards a more output-based model.

The financing of initial vocational training remains overwhelmingly in the hands of the government (Brandsma 2003). By contrast, the funding of continuing vocational training in the Netherlands is overwhelmingly private. The deliberations of the Wagner Commission and the various commissions which followed it led to the establishment of the tripartite regulation structure for continuing vocational training similar to the regulation of initial vocational training. From the tripartite approach grew the concept of sectoral training funds established under collective industrial agreements in all the major sectors of the economy. These training research and development funds (known by their Dutch abbreviation as O+O Funds) have become the principal route for introducing social partnership arrangements into an area of activity normally the preserve of employers (Romijn 1999). There are some 66 O+O Funds operating in the Netherlands under 134 collective agreements. Most of the collective agreements also specify other training provisions, particularly with reference to on-the-job training and training for target groups in the workforce. The funds are managed by collective bodies with employer and union representation and are based

[2] Interview with Dr Tarja Tikkanen.

on levies of all firms covered by the collective agreement under which the fund is established. The levies vary by sector and range from 0.1% to 0.7% of gross wages. Although there are no uniform rules by which the funds are administered, there are three main ways in which funds tend to be expended (Waterreus 1997):

- ✧ Collective training days are awarded for a certain sector. In this case, employers in the sector can bid for funds to support a number of training days which the employer then allocates amongst employees.
- ✧ Individual training days are awarded. This provision finances individual training leave and can be taken at the employee's discretion.
- ✧ Funds are awarded to support training programs detailed in training plans submitted by employers. The fund may support up to 50% of the costs of a training program.

Thus the O+O Funds are an expression of the collective regulation of continuing vocational training in the Netherlands. However, it is important not to overstate their importance in the financing of continuing vocational training. The firms themselves provide the bulk of funding for continuing vocational training in Dutch companies. In 1996, the O+O Funds accounted for less than 5% of the total private expenditure on continuing vocational training. Funding from employers accounted for over 50% of expenditure on continuing vocational training, with individual expenditure accounting for the balance (Hendriks & Westerhuis 1997). Not all monies placed in the O+O Funds are spent on training; the proportion spent directly on training varies from 5% to 100%. Waterreus (1997) estimated that an average of only 40% of O+O Funds are allocated directly to training.

The principal example in Australia of this approach is the Construction Industry Training fund which is operated in a number of states albeit in different forms. The Construction Industry Training funds are much smaller than their Dutch equivalents and are typically funded by a levy of around 0.1–0.2% on building value. In many cases, these funds have been used to support apprenticeships in the industry and have not been used widely for continuing vocational training. However, it is difficult to argue that the construction industry levy has been very successful in raising training expenditure in that sector, when repeated surveys have shown that employers in construction consistently spend less on training than employers in most other sectors (ABS 2003).

In Victoria, the Victorian Brick and Blocklaying Training Foundation has been formed by the Clay Brick and Paving Association of Victoria with the Housing Industry Association and Holmesglen Institute of TAFE. From 1 July 2003, a levy of $1 will be charged to consumers on every lot of 1000 bricks sold for domestic purposes. Manufacturing members of the Victorian Brick and Blocklaying Training Foundation will match the levy dollar for dollar to create a training fund estimated to be worth $1 million per annum. The levy is being introduced to help address the shortage of skilled bricklayers in Victoria which is causing serious delays in domestic construction. The training fund will be used to fund pre-apprenticeship training, subsidise apprentice bricklayer costs and promote the industry.

Levy schemes

The most widely quoted example of levy systems is the French scheme. In fact, the French system is not a single integrated levy scheme but a series of levy schemes which have developed since the 1920s and which finance different aspects of the initial vocational training and continuing vocational training provision of French firms. For this reason, the scheme has often been viewed as unnecessarily complex and possibly ineffective, certainly if measured against the skill formation system of Germany which does not operate a comparable levy system (Giraud 2002).

Since 1925, French firms have been obliged to pay an apprenticeship tax of 0.5% of wages and salaries. The tax was originally intended to pay for a variety of training activities other than apprenticeship, but since the 1971 reforms to the financing of vocational education and training in France, the tax has been focused on initial vocational training (Bertrand 1998). All firms are liable to pay the apprenticeship tax except those firms which already employ apprentices. At least 40% of the tax must be allocated to apprenticeship training but the remainder may be used to finance other kinds of training (Keating et al. 2002).

Since the 1971 *Further Training Act*, French firms are also obliged to spend an equivalent of 1.5% of their wages and salaries bill on further training activities or pay the equivalent into funds set up for this purpose. This act also established the right of the individual to personal training leave and established bipartite mechanisms at the regional and industry level to manage the training funds created through the operation of the levy. The funds are collected from firms through agencies working for the Ministry of Labour which oversees the scheme, known as the Organismes Paritaires Collecteurs Agrees. The funds are paid into over 100 local and industry-based training funds where they are managed by joint union–employer committees (Brochier & Meiaux 1997 cited in Giraud 2002). In practice, however, employer associations tend to jealously guard their right to manage funds contributed by their members.

The levy is spilt into four different elements:

- 0.1% finances the right to individual training leave.
- 0.1% goes to financing training that is a ‘balance’ of individual and firm requirements.
- 0.4% goes to funding non-apprenticeship ‘alternance’ training, often sandwich courses in practice.
- 0.9% goes to the training of the existing workforce.

The levy applies to all firms employing more than ten workers. Firms employing fewer than ten workers pay an overall 0.25% of wages and salaries as their levy. The French levy system appears to be convoluted and contested and it is not clear that the operation of the levy has led to a better system of continuing vocational training. As Goux and Maurin (cited in Giraud 2002) point out, access to training for French workers is as restricted as in other European countries (and Australia) to the already educated and professional groups. French enterprise expenditure on training remains at 2.4%, lower than the United Kingdom which does not operate any levy system (Giraud 2002). Participation in continuing vocational training in France is around 58%, considerably lower than that in Germany with little regulation of continuing vocational training, and access to continuing vocational training remains highly skewed towards the well-educated, professional groups and those working in large enterprises. Training is often viewed as a perk or reward for performance rather than undertaken to meet the strategic needs of firms (Giraud 2002). Similar criticisms were made of the Australian Training Guarantee at the time of its operation.

A more successful application of the levy principle, and one which explicitly addresses the issue of equity in access to training opportunities, is to be found in Singapore. As the many studies by David Ashton and his colleagues at the Centre for Labour Market Studies in the United Kingdom have shown (Ashton & Green 1996; Ashton & Sung 1997; Ashton et al. 2002), Singapore has based its economic development since independence from Malaysia in 1965 on an approach in which manpower planning has played an explicit role, and from the outset, the significance of education and training to the economic prosperity of the city-state was recognised (Goh 1961). As a result, Singapore has developed a multi-departmental and tripartite approach to skill formation (Osman-Gani & Tan 2000). This approach has involved the establishment of government bodies, such as the National Manpower Council which directs the development of the education system on the basis of manpower forecasts developed by the Ministry of Trade and Industry. As a result, Singapore has adapted its highly competitive education and training system to the requirements of government plans for industrialisation in the 1970s and latterly, the move to higher value-added manufacturing in the 1980s and innovation in the 1990s.

However, a significant problem in Singapore since independence has been the existence of many unskilled and lower skilled workers concentrated in certain areas of the economy. As Singapore’s economy has traditionally grown on the back of substantial foreign direct investment, the problem faced by the Singaporean Government has been to encourage foreign-owned multinationals to invest in the training and development of their workers to complement the government's efforts to modernise the education and training system (Ashton et al. 2002). In order to encourage employer investment in the training and development of low-skilled and low-wage workers, Singapore created the Skills Development Fund in 1982. This fund is administered on a tripartite basis by the Productivity and Standards Board, the Singapore National Employers' Federation and the National Council of Trade Unions. Employers are obliged to contribute a skills development levy of 1% of the salary of workers they employ earning less than S$1500 per month or S$2, whichever is the greater. This ceiling has been raised since the inception of the scheme in order to accommodate more workers (Low 1998).

Employers and employees can recover the costs of taking approved courses under the scheme. These approved courses have usually been aimed at improving the overall educational level of workers rather than at providing specific skills. Thus, the most common programs undertaken under the Skills Development Fund have included the Basic Education for Skills Training program aimed at bringing workers up to primary school leaving levels of education. A further scheme, the Worker Improvement through Secondary Education program, takes workers up to secondary school leaving standard of education (Osman-Gani & Tan 2002). Other schemes financed under the Skills Development Fund include the Training Plan Scheme which encourages employers to plan their training activities over a 12-month period and the Skills Certification Plan which is a proposal to train at least one-third of the firm's workers in certifiable skills over a three-year period (Ministry of Manpower 2003). Thus, the Skills Development Fund has been focused on raising the general level of education amongst Singaporean workers who have not received the benefit of a full education. More recently, the scope of the Skills Development Fund has been expanded to encompass specific skills programs, particularly in the high-tech areas of electronics and computing. The Skills Development Fund funds have also been used increasingly to train older workers, with one in eight older workers provided with an opportunity to train in 1995, compared to one in 25 in 1988 (Low 1998).

There seems to be strong evidence that the highly targeted nature of the Skills Development Fund levy has exerted a significant impact on the skill levels and training activities of Singapore. National investment in training amongst employers has reached 3.6% of wages and salaries, and the Singaporean Government aims to push this up to 4% (Low 1998). The most productive industry sectors appear to be those such as the computer manufacturing industry which also account for the majority of training places under the Skills Development Fund scheme. However, it has to be remembered that the Skills Development Fund operates in a tightly regulated environment. The government has planned both the development of the economy and the education and training systems, and Singaporean employers subscribe to the state vision for the future of Singapore. In these circumstances, employers willingly contribute to the Skills Development Fund and are committed to the achievement of its aims—the development of the skills of under-educated workers.

A contrast to the Singaporean example can be found in nearby Malaysia. Here also, the government has attempted to direct the development of the economy with some success in recent years. However, attempts to reform the education and training system to provide the education and skills levels needed to underpin the country's aspirations to move to the knowledge economy have been less successful. In 1993, the Malaysian Government introduced the Human Resource Development Fund. The Human Resource Development Fund works along the same lines as the Skills Development Fund in Singapore. It is targeted at the key strategic areas for economic development identified by the Malaysian Government. In the early 1990s, the focus was on manufacturing, so the Human Resource Development Fund applied only to large employers in the manufacturing sector. Employers were required to pay 1% of their monthly payroll to the fund. Since 1996, the fund has been extended to cover smaller employers and to cover a wider range of industries, including hospitality, telecommunications, aviation and advertising, and since 2000, private higher education (Wong Yuk Kiong 1997). Thus, the Human Resource Development Fund is linked closely to the economic development plans of the Malaysian Government and to the Prime Minister's vision for Malaysia, Vision 2020.

The levy is collected by the Human Resource Development Council, a corporatised arm of the Malaysian Ministry of Manpower (HRDNet 2003). Employers can claim funds back from the levy funds up to the level of their contributions for approved training programs which focus on the skill development needs of the existing adult workforce. Programs covered include the development of annual training plans, schemes for helping small employers with training costs, the establishment of training facilities, and apprenticeships for existing workers. So far, however, the Human Resource Development Fund has not delivered the training outcomes which have been associated with the Skills Development Fund in Singapore. Many employers simply treat the levy as a tax and still do not comply with the intent of the Human Resource Development Fund. Moreover, the scheme only covers Malaysian workers, which means that the country's large population of migrant workers are not covered. This has led to a chronically low level of skill in the plantation and construction sectors. The view of the government is that skills are rising but not quickly enough to meet the competitive threats that the Malaysian economy faces. Still dependent for export income from manufacturing, the wage costs of Malaysian workers have risen steeply in recent years, with the result that many multinational companies which once would have invested in Malaysia are now investing in China. It seems the Human Resource Development Fund is too blunt an instrument to develop the skills in the information technology and service sectors of the economy which the Malaysian Government is seeking to achieve to offset the rise in the country's labour costs.[3]

The Republic of Korea (South Korea) is another Asian country which has experimented with training levies to increase the skills base of the workforce. During the 1970s, the Korean Government intervened to help to restructure the economy away from heavy engineering enterprises, such as shipbuilding, toward light manufacturing, with a view to increasing the country's export earnings. Part of the reforms included a new emphasis on the training activities of firms. Under the *Basic Law for Vocational Training* passed in 1976, all companies in certain identified industries were required to provide in-plant training for their employees or pay a levy to the government. Although the scheme encouraged the development of skills amongst low-skilled entry-level workers in manufacturing industries, the levy became redundant as the level of training provided by employers in the Korean economy began to grow quickly in the 1990s (Korea Research Institute for Vocational Education and Training & NCVER 2000).

In 1997, the government passed the *Act for Promoting Workers' Vocational Training*. Under this Act, the Korean Government provides financial help to employers to provide competency-based training. Three forms of training are encouraged through the scheme: initial training which covers new entrants to the workforce; skills upgrade training for existing workers who need to enhance their job competencies; and job transfer training for those seeking to change jobs or for the unemployed. The scheme is financed through the Employment Insurance Scheme established in 1995 and is a comprehensive scheme of welfare insurance covering employment security, unemployment benefits, as well as a vocational training element. Under the terms of the Employment Insurance Scheme, Korean employers pay three levies:

- 0.3% of payroll for employment security
- 1.0% for unemployment benefits
- 0.1% to 0.7% for vocational training.

The total levy on employers amounts to a maximum of 2% of payroll. Most paid workers in the workforce are covered by the scheme, although the scheme does not cover the self-employed or unpaid family workers who make up a large part of the Korean workforce. Under the Employment Insurance Scheme the government provides subsidies for different forms of training for both employers and employees. The four major categories of subsidy include:

- subsidies for in-plant training
- subsidies for employers to give employees paid leave for education and training

[3] Interview with Professor Gert Loose, Office of the Prime Minister, Malaysia.

- subsidies for training courses which take place outside the firm
- subsidies for individuals, especially for older workers and tuition loans.

Firms may also receive subsidies under the Employment Insurance Scheme for investment in training facilities and equipment and this is particularly encouraged for small- and medium-sized firms. However, as with the previous levy system in Korea, it is not clear whether the Employment Insurance Scheme has made a significant impact on the level of investment in training by Korean employers. The scheme has enjoyed only limited success with small- and medium-sized firms since large employers were already providing a high level of training. In the latter case, the Employment Insurance Scheme has been viewed as providing a windfall for those large employers who already invest substantially in training for their employees (Korea Research Institute for Vocational Education and Training & NCVER 2000, p.129).

Australia experimented with a levy-like system in the early 1990s, although the Training Guarantee Scheme was not strictly a levy. Organisations with payrolls in excess of $200 000 were required under the act to spend at least 1.5% of their payroll on eligible training or pay the shortfall to the Australian Taxation Office. Eligible training was defined as structured and employment-related; specifically, this meant that training must be part of a recognisable program that was employment-related. Both on-the-job and off-the-job training were eligible under the Training Guarantee Scheme. The arguments advanced by the federal government in support of the introduction of the Training Guarantee Scheme emphasised the need for a highly trained workforce in the restructuring of Australian industry which accompanied the reform of industrial relations under the award restructuring movement. Overseas countries such as Singapore and Korea were quoted as examples of the successful implementation of levy-based interventions in the training market (Dawkins 1988).

However, the scheme proved unpopular with employers. A key criticism made by employer groups was that compliance costs were excessive. Research by Velten (1990) showed that many enterprises considered that the costs of keeping records and ensuring that all eligible training was reported far outweighed the cost of paying the levy. Small businesses, in particular, expressed this view and there was a widespread belief that many small enterprises simply paid the levy rather than incur the costs associated with training. A further criticism of this scheme was that the imposition of a minimum level of expenditure on training led some enterprises to reduce their training expenditure to this minimum level, particularly in the recessionary economic climate of the early 1990s (Pollock 1991). However, there is little evidence to support the contention that the scheme had the effect of depressing training expenditure in this way. The Training Guarantee Scheme was also attacked for its focus on the quantity rather than the quality of training (Noone 1991) and for instituting a regime based on punishment for non-compliance rather than rewarding enterprises to increase their commitment to training.

Nevertheless, advocates of the Training Guarantee Scheme were able to demonstrate some positive effects. Teicher (1995) identifies three such effects. First, the requirement to record the training that took place in an enterprise led to greater levels of accountability for managers in providing the requisite training for employees. Second, the availability of more information on training activities in the enterprise allowed managers to evaluate the effectiveness of training more closely. Finally, the scheme raised the status of training within enterprises, so that managers were able to take a more strategic approach to the linking of training activities with the business needs of the enterprise. However, little firm evidence has been produced that the scheme played a significant role in the increase in training expenditure from 1990 to 1993 (Baker 1994) or that its suspension in 1994 led to the decrease noted in the ABS data from 1993 to 1996. A number of interviewees in this study also expressed some support for the aims and objectives of the Training Guarantee Scheme. In general, the scheme was viewed as having suffered from bad image—the emphasis on rorts in the popular press towards the end of its life—and the widespread perception of the punitive nature of the arrangements, particularly as it was administered through the Australian Taxation Office. Nevertheless, it was felt by some interviewees that the Training Guarantee Scheme had promoted the issue of training onto senior management and board agendas effectively and that the system might have been better reformed rather than abolished. However, a legacy from this scheme was that it served to draw attention to the cost of training, in ways that had not occurred prior to its implementation. Unfortunately, it will probably always be far easier to calculate the cost of training than its benefits.

This section has outlined and reviewed approaches to securing employer contributions to vocational education and training and, as such, provides a basis for considering which approaches are most suitable for the training context in Australia. In the next section, the application of these approaches to the Australian context is evaluated in terms of their likely consequences for particular policy goals.

Enhancing enterprise expenditure on training

Securing an enhanced commitment by Australian enterprises for initial preparation and ongoing development of their employees is no easy task, nor is it likely to be achieved in the short term. Although it is possible to compel enterprises to make significant contributions to the cost and provision of training, to date, such actions have been unsuccessful—they may even have eroded rather than encouraged enterprise commitment to and sponsorship of vocational training by enterprises. Schemes such as the Training Guarantee highlighted the cost aspect of training by mandating a certain level of required expenditure and compelling enterprises to pay the shortfall as a tax. Linking the Training Guarantee with the tax system did little to encourage the view amongst Australian employers of training as an investment rather than a cost. It seems that Australian enterprises will often only expend funds on training if they are either compelled externally, or identify an urgent need within the company. For instance, Billett and Hayes (2000) reported that enterprises in the food processing sector, which admittedly has little history of structured training arrangements, would expend funds on staff to meet the requirements of food handling legislation or when they wanted to change their manufacturing processes, but was reluctant to more beyond that.

Nevertheless, the recent data on training practices (ABS 2003) show that employers nominate the need for staff development and enhancing the currency of skills of existing workers as the main reasons for providing training. Given current attitudes and from previous experiences, it would seem that enterprises and the national bodies representing the interests of enterprises would need to be convinced that their expenditure on training would provide a direct return in terms of improved productivity or services. Traditionally, it has been considered that cost–benefit analyses of training and vocational education are perilous and impractical. It is difficult to identify and appraise the contribution that training makes to increased productivity or enhanced service (for example, Hedges & Moss 1996), let alone measure those contributions (Bartels 2000; Robinson & Robinson 1989). However, recent research in Australia shows that the returns to training investments may be identified and quantified if the correct methods are used (Smith 2001). These studies have shown that the returns are high, often in the order of hundreds to one and that investment in training is one of the most profitable that businesses can make. Yet, internationally, few enterprises use cost–benefit analysis to make decisions about expenditure on training (Carnevale & Schulz 1990; Davidson et al. 1997; Coopers & Lybrand 1996). Instead, they appear to rely on perceptions of its utility or capacity to achieve strategic goals (Billett 1994; Davidson et al. 1997). A key challenge for the VET sector is marketing this information more effectively which would enable employers to comprehend the returns that training can bring to their businesses.

By contrast in a number of European countries, there is a stronger commitment to skill development, and this determines how enterprises expend funds. However, as suggested in the first section, the actual quantum of funds expended on training may not be so different from that occurring in Australia. Moreover, some of this difference may be illusory. Often, the basis of a voluntary financial commitment is to maintain control or avoid external control of enterprises' expenditure on training (for example, Schweri 2002). Moreover, the French experience (Giraud 2002) suggests that, even when enterprises have contributed to a levy system, they are reluctant because they wish to avoid additional costs (for example, worker absenteeism) to provide all staff with access to further training. Wolf (1996) reports from research across OECD countries that employers will pay for the development of current specific skills and some generic skills which lead to the achievement of strategic goals. So worker experience within Australian enterprises, albeit without a national levy, may not be so different from those overseas. However, the greater commitment to skill development by enterprises in these countries appears to be shaped by institutional sentiments and practices from which some lessons can be learnt and policy options considered.

In considering increasing enterprises' commitment to the skill development of their workers, the following are worth noting. First, enterprises of all kinds and sizes already make considerable contributions to the initial preparation and ongoing development of their staff through the support for learning which occurs as part of everyday work activities (Bishop 1997) and also through structured programs such as apprenticeships. As noted in the first section, total expenditure by Australian employers on training is not low by international standards. At over $4 billion in 2002, employer expenditure is higher than government expenditure on vocational education and training, at a little over $3.5 billion. Indeed, if the perceptions reported by Australian workers are accepted, it may well be the quality and the distribution of the training provided which is a key priority rather than the quantity.

Second, enterprises, for example small businesses in many industry sectors, often hold the view that the existing vocational education and training system fails to meet their needs (Roffey et al. 1996; Coopers & Lybrand 1994). Third, it is not always clear what goal the government is trying to achieve by seeking enhanced expenditure on vocational training by Australian enterprises. Responses to government policies may be quite different when enterprises see them as:

- merely concerned to pass onto enterprises the cost of training
- attempting to secure greater equity in enterprise expenditure
- a clear focus on building skills
- developing the capacities of the enterprise, regional or national workforce.

The purposes of the policy will also shape the goals they are trying to achieve. If, for instance, the goal of policy is for enterprises to carry a greater share of the cost of existing expenditure on vocational education by government, then these measures will be largely focused on enterprise sponsorship of accredited courses. If, however, government is seeking an increase in the overall enterprise sponsorship of activities associated with skill development, then a broader range of policies would come into play. These might include an interest in the degree of expenditure on in-house training, the general education of employees as well as their participation in accredited programs, along with the support for effective on-job learning.

Overall, two kinds of policy options emerge from this study. The first, compulsion, is the use of legislation and mandation to either stipulate engagement in structured training or levy funds to cover the cost of training. The second, encouragement, focuses on changing the view of enterprises about expenditure on training to achieve an ongoing voluntary commitment to, and sponsorship of, vocational skill development.

Compelling enterprises to contribute to skill development

Options for compelling enterprise contributions to skill development probably fall under two broad categories. The first concerns the application of levies to cover the costs of training. The second relates to mandating training to accommodate licensing arrangements and occupational certification. Both have different strengths and weaknesses and also different prospects of being accepted.

Levies

Universal levy

Universal levies can be used to ensure that all enterprises contribute to the cost of developing the skills of the national workforce. In this project we have discussed a number of such levies—the Training Guarantee in Australia, the Skills Development Fund in Singapore, the Human Resource

Development Fund in Malaysia and the French levy system. In all of these systems, employers across most or all sectors of the economy are required to pay a levy into a training fund which can then be accessed to finance particular forms of training. The Australian Training Guarantee was different in that it stipulated a level of expenditure and the levy was a penalty for non-compliance.

As a broad policy tool, levies may be useful for either generating revenue or encouraging expenditure on training (as was the intent with the Training Guarantee Scheme). So they might assist in shifting expenditure from the private to the public sector, achieve greater equity in the distribution of the burden of the training effort across the nation's enterprises and, arguably, increase expenditure on training. However, the evidence suggests that the quality of vocational skill development which occurs within these arrangements may not be high. For instance, simply using participation in accredited training programs as measures of legitimate training is misleading. In France, this kind of scheme has failed either to secure a high level of employer commitment to training, or the kinds of high-skill jobs being sought in Australia (Hall, Buchanan & Considine 2002). Also, the expenditure of funds within enterprises is subject to decision-making within enterprises, premised on the measured and unmeasured abilities of workers, which has resulted in inequities in the distribution of those funds (Goux & Maurin 2000 cited in Giraud 2002). Thus, despite having a national training levy, the opportunities for individuals to access training is shaped by enterprise characteristics (for example, size) and the worker's standing within the enterprise.

Moreover, because they are mandated, they are likely to be resisted or complied with only superficially. Interestingly, despite having a national training levy, only 58% of French workers reported receiving further training by comparison with 84% of German workers (Giraud 2002). Therefore, there can be no guarantee that mandated levies will produce higher levels of participation in enterprise-based training or provide training of high quality. In Australia and elsewhere experience has shown that national levies promote resistance and, often, superficial compliance by enterprises. Thus the Human Resource Development Fund in Malaysia and the Employment Insurance Scheme in Korea have done little to extend employer training in large firms (which are already training their employees) or stimulate small businesses to train more. An interesting counter-example is the Skills Development Fund in Singapore. Although a universal levy, this fund has been successful in significantly increasing the level of training given to low-skilled workers. However, this is a function of tight targeting—the levy applies to low-skilled workers in firms and can only be used to fund training for these workers. Employers in Singapore have a vested interest in training their workers in order to both avoid the levy on their wages and to increase their skills base.

Furthermore, the use of national levies without a specific and transparent goal may result in enterprises becoming distracted by a focus on expenditure on training—its commodification. This can lead to all forms of workplace support as well as accredited vocational education programs being increasingly subject to financial scrutiny. In short, such measures may lead to the commodification of training, with all forms of assistance to learning being viewed as a cost. As discussed earlier, there is also little evidence that this approach leads to the development of a highly skilled workforce (Hall, Buchanan & Considine 2002). It seems that national levies become highly contested and are subject to constant negotiation which implies little real commitment to vocational learning by these enterprises. Moreover, given their inability to influence decision-making within enterprises, national training levies are likely to entrench existing disadvantage. The evidence suggests that those most in need of training will remain minor participants in these enterprise-funded arrangements (for example, Krueger & Rouse 1998). The potential benefits of a national general training levy appear to be more than outweighed by their disadvantages and potential to erode the level of employer investment in training.

Sectoral levy

Sectoral levies have been shown to work in some industry sectors (that is, building and construction) and appears to be the kind of levy which may be more palatable to enterprises. From the French experience, it seems that enterprises are more comfortable with localised and industry-based levies, rather than a broad national levy (Brochier & Meiaux 1997 cited in Giraud 2002). From the kinds of changes made to the French training levy, it seems that enterprise representation on agencies which have control over the funds gathered through these levies would be required to gain the commitment necessary to support this approach. However, an industry-based levy is likely to be realised in different ways across different industry sectors. For instance, the contractual nature of the building and construction industry means that there is a reliance on the industry-based workforce and a pool of skilled labour. In Queensland, governments have assisted the maintenance of the industry levy by demanding that contracts for government-funded buildings include the levy to be used for training in the industry. Caution would therefore need to be exercised in assuming that the level of acceptance of an industry-based levy in the building sector would be repeated in other sectors. However, the overall impact of such levies is debatable.

In the Netherlands, the O+O Funds have garnered a great deal of employer acceptance. This is partly a function of their not being legislated but are bargained on a sectoral basis through collective agreements. Thus, the arrangements for the fund and the uses to which the funds can be put are unique to each industry sector and give the employers a significant degree of control. However, the level of employer acceptance in the Netherlands does not alter the fact that only 40% of the funds collected through the O+O Funds are spent on training and that the funds only account for about 5% of total expenditure on employer training.

Industry-based levies provide a mechanism which could be used to shift the costs of vocational education to industry and achieve some sharing of expenditure across industry sectors. If tangible evidence of the benefits of industry-specific training is available, this approach may even increase expenditure on training by enterprises. However, a levy on its own cannot guarantee increases in the quality of skill development nor the equity of the distribution of the expenditure within the workplace. It has been shown that neither the mandated approach in Germany nor the legislated approach in France has been able to influence how funds are spent within enterprises (Giraud 2002). However, the industry levy may be a useful sector-wide device to promote the strategic goals of the industry and enterprises within it when it is coupled with a body (such as a professional or trade association or guild), which has the capacity to promote the importance and standing of vocational skills. A recent example of this arrangement is the brick and block levy in Victoria. It will be interesting to observe the impact of this industry, semi-voluntary levy in the future. Again, a useful counter-example is the Singapore Skills Development Fund system targeted on low-skilled workers. However, this approach operates in a very small country which has a highly centralised and authoritarian system of government in which citizens demonstrate a high level of commitment to the development of the state—very different from the pluralist traditions of more individualised countries such as Australia.

So where there is a concerted industry sector interest in training, a sector-specific levy may well operate effectively and with the support of the local employers. However, even here it is likely that transparent and identifiable outcomes and some form of localised governance will be required to establish and garner support from contributing enterprises.

Localised/regional levy

Levies operating at the local or regional level are often highly visible and pertinent to the enterprises in the local area. However, taking again the French experience, there would need to be arrangements established to convince the local enterprises of the need for such a levy. Enterprises demand direct involvement with its expenditure and administration, which they guard jealously (Giraud 2002). They also need to be able to witness its direct consequence for the local skill base of their particular enterprises. Moreover, such arrangements are more likely to be successful in a community which has clearly identifiable parameters, rather than one where the local area is ill-defined. For instance, it may be easier to organise a local levy in a place like Gladstone in Queensland, where there are many secondary processing companies which have shared sets of needs, than the more heterogeneous and dispersed needs which might arise in urban localities. Added to this is the containment of the workforce whose development is being sponsored across enterprises.

Of course, there will be complications in relation to the identity and representation of the geographical parameters of any localised levy. Funds might be expended on individuals who then leave the area. Conversely, the skill needs may not always be applicable in the area where the funds are gathered. Nevertheless, if there are particular needs in particular communities, there may well be some consensus about the gathering and expenditure of funds. Such needs might be reflected in a particular industry or a particular region. For instance, the viticulture industry in South Australia identified the shortage of workers in a particular region (Billett & Hayes 2000). Such was the concern of the industry that they embarked on regional arrangements to encourage school leavers to work in the viticulture industry.

Localised arrangements may have the capacity to achieve a number of policy goals associated with employer sponsorship of vocational education and training. They may shift and distribute the cost of vocational skill development. If there is an acknowledged need, an increase in expenditure may occur. However, taking the French experience, the localised control and administration of such funds would seem to be an imperative. Importantly, if the local interest exists, issues of quality and commitment may well flow through naturally.

Summary

In summary, compulsion on employers to increase their investments in training through the use of levies does not enjoy a history of success. Universal levies, in particular, may inspire only the lowest kind of employer commitment—compliance—and often outright resistance. The more targeted the system (as in Singapore) and the more localised the control (as in the Dutch O+O Funds and the French system), the more likely are employers to accept the levy. However, employer acceptance does not necessarily involve an increase in the level of investment than that which is apparently being generated in Australia, as the Dutch and French examples demonstrate.

Mandating training for the commission of licensing arrangements and occupational certification

Another compulsory approach to increasing training investment is through licensing arrangements. Currently, government mandates vocational training for a variety of reasons:

- those trades which require licensing (for example, plumbing, electrical work, pilots) because of the inherent risks
- the tasks which cannot be undertaken without training (for example, forklift, crane handling, boiler attendance)
- occupational health and safety requirements or industry work that has particular requirements for care (for example, food handling).

In all of these instances, the nature of the work requires that individuals undertake training and assessment before the work can be undertaken: many forms of work have direct consequences for consumers, carry occupational health and safety risks and are more complex than are assumed. In England, the government often stipulates that workers engaged in publicly funded activities (for example, aged care) possess particular certification. Therefore, employers are obligated to ensure that their employees undertake courses and assessment in order to secure the appropriate certification. There is a perception that this policy is being employed by government with the intent of levering greater commitment to training from employers.[4] Thus, a further policy option for financing enterprise expenditure on training is to open up the licensing and occupational certification requirements, thereby engaging more workers and their employers in sponsoring vocational education provisions.

[4] Interview with Professor Ewart Keep, University of Warwick.

If this approach were adopted by governments it could lead to the shifting of cost to the private sector, although it may be transferred, either in part or in whole, to the individuals who are to be certified or licensed. For those industries where there is little in the way of certification, such arrangements may also provide for formal recognition of the skills of workers in the sectors. As enterprises have been shown to expend funds when arrangements are mandated, some increase in expenditure could be expected. However, the need to license has arisen for important social and environmental reasons. Therefore, it would be essential to ensure that these goals will not be compromised by more wide-scale licensing arrangements, which might lead to the reduction of the standards of licensing. Although governments in the past have felt it important enough to license particular occupational activities, rather than rely on voluntary compliance, such measures may still not lead to whole-hearted commitment to these practices. Nevertheless, the possibility of increasing the range of licensed and certified occupations focuses on the importance of the quality of the work to be done, rather than simply on cost issues.

Encouraging enterprise expenditure on training

As foreshadowed, there are two broad approaches to changing enterprises' views on training. The first is making it more attractive to enterprises. This could range from making vocational education provisions more relevant, through to providing enterprise-based learning arrangements to augment what is provided through the public VET system. The second is changing enterprises' views of the value of vocational learning. This includes both long- and short-term measures to enhance the standing and complexity of the occupational tasks and their need for initial and ongoing development.

Making training more attractive to enterprises

Enterprises may be more attracted to sponsoring training they feel closely addresses their needs. Small businesses are a case in point. While small businesses are often accused of not contributing to national expenditure on training (Burke 1995), research indicates that overwhelmingly, they feel training fails to address their needs (Coopers & Lybrand 1996). Consequently, there is little incentive for them to contribute to something they believe is inappropriate and ill-focused. There are also certain industry sectors that have little or no history of participation in the vocational education system. Enterprises in these sectors may well question why they should expend funds on courses not designed for the sector. Sometimes emerging industry needs are dealt with in ways that are quite distinct from existing provisions. For instance, provision for the food processing industry is largely through workplace-based training resources (Billett & Hayes 1999), a situation in contrast to that of the metals, hospitality and automotive sectors. Therefore, to make training provision more pertinent and responsive to enterprise needs might be a way of encouraging greater enterprise engagement in vocational skill development.

However, research in Australia and overseas has shown that the primary drivers for enterprise investment in training are internal—most commonly they have to do with making business sense. Smith and Hayton (1999) showed that the main drivers of training provision in enterprises were quite simple: they were related to organisational change and the introduction of new technologies. Nevertheless, the training arrangements that eventually developed were the product of a variety of internal 'moderating' factors, such as the size of the enterprise, the occupational structure of the workforce and the industrial relations climate. Further work on the relationship between organisational change and training has shown that, while change processes are an important factor in driving investment in training at the enterprise level, the critical factor in the process is the relationship between training and the business strategy of the enterprise (Smith et al. 2003). Thus, if attempts to encourage employers to make greater investments in training are to succeed, they will need to appeal to the strategic interests of enterprises.

In a study of the barriers to the uptake of training in Canadian enterprises, Bechterman, Leckie and McMullen (1998) identified a number of key issues which would need to be addressed in any campaign to encourage greater employer investments in training. These include:

- the costs of training
- the lack of training infrastructure in many enterprises
- concerns on accounting for the returns to training investments
- lack of information on opportunities for training
- skills surpluses in certain occupations
- expectations of government assistance in financing training.

Again, any campaign to encourage employer investment in training will need to address these barriers and find ways for overcoming them.

There are other rationales for a more relevant system of vocational education. First, the work conducted in workplaces will always be some variation of vocational practice. No enterprise exercises the archetypal vocational practice. Therefore, the uniform provision of vocational education, which assumes that the vocational practice is also uniform, is questionable. In essence, this approach has already been part of the apprenticeship and traineeship system where the majority of the time is spent in workplaces, each with their own unique curriculum. Of course, there can be serious disadvantages to this kind of arrangement. In the United Kingdom, occupational preparation may become so *ad hoc* that industry-wide skills become eroded, with the risk to national industry development. Moreover, a system that is highly responsive to enterprises may disadvantage individuals who participate in vocational education. Many people seek vocational education to learn broad occupational skills not just those which pertain to a particular enterprise's requirements. So the issues of conflict between overall national goals for skill development need to be weighed against the prospect of greater enterprise sponsorship of the national vocational education effort.

However, it needs to be understood that there are differences between enterprise perception of the value of vocational education and its actual contributions. For instance Robinson (1997) found that, despite small business claims of the inappropriateness of training provided by the vocational education system, there was a high level of satisfaction among those who actually participated in programs. So those who had actual experience in vocational education programs valued them in quite a different way from those who had not. Moderating expectations here is the fact that, over the last decade, Australian industry has had significant input into and control over the nation's vocational education curriculum and system. However, there is little evidence to suggest that the involvement in, and efforts to address, industry needs have led to an increased or even sustained commitment by Australian enterprises, when an indicator such as employer expenditure on training is used. Therefore, it cannot be assumed a greater involvement or tailoring of vocational education provisions will necessarily lead to increased interest or an enhanced expenditure by enterprises.

Sharing the costs of training

One option may be an acceptance that there is a need to develop both industry-wide skills and enterprise-specific capacity, and that the training system should reflect these twin goals. One approach would be for government to be concerned with national or industry-wide skills needs, and that enterprises sponsor and secure enterprise-specific skill development. Such arrangements exist in France where the government takes responsibility for general vocational education provision and retraining schemes, and enterprises take responsibility for training needs arising from technical and organisational change (Dubar 2000 cited in Giraud 2002). Changes to the French training levy certainly reflect a need to distinguish between expenditure on national, regional and enterprise goals (Brochier & Meiaux 1997 cited in Giraud 2002). However, it may be difficult to isolate those learning outcomes and learning processes that are wholly industry-wide or wholly enterprise-specific. Nevertheless, it may be possible to organise a break-up of skills based upon applicability.

This would involve changes to how curriculum documents are developed, the kinds of expectations arising from courses, and the complex interaction at the local level between providers of vocational education and local enterprises.

This leads to the notion of 'leverage' or government spending to encourage greater financial and other contributions from employers. Currently, there are trends within Australia and overseas to explore how localised social partnerships can develop a responsive and robust vocational education system. The most notable example is that of the local learning and employment networks recently introduced in Victoria. Other examples in Australia include the 'voucher' system developed in New South Wales in which small businesses are encouraged to use a $500 training voucher from the state government to buy training from the public VET system[5] or the TAFE Queensland Mining Services venture in which the TAFE system shares the costs of training in the mining industry with major employers.[6] So there are precedents and interest in localised arrangements which could include efforts to organise enterprise-specific VET provisions. The difficulties here would include identifying, balancing and organising appropriate arrangements in ways that are equitable in their demands upon the different partners in matching benefits and costs.

Changing enterprise perceptions about expenditure on training

As foreshadowed, there are differences across countries in enterprises' attitudes towards expenditure or training and their approaches. Some of these differences reflect particular cultural values or societal practices. In North America there tends to be a higher expectation that individuals rather than enterprises will take responsibility for their vocational skill development in ways that are distinct from the goals of government policy (International Labour Organization 2000). Bishop (1997) suggests that most enterprise training in the United States occurs in large unionised enterprises experiencing growth and increasing their use of technology or their output. The recipients of this training tend to be those who are well-educated, young, recently hired, male and white. There is also less of a vocational education system in the United States than in many European countries. For instance, participation in apprenticeship programs is far more limited here than in other comparable economies such as those in Europe (Brunello & Medio 2001). However, in Germany (Giraud 2000) and Switzerland (Schweri 2002) further training is also seen as the individual's responsibility, whereas in France individuals look to the enterprise as a sponsor of that training, and also more in the public sector than the private. Also, given the more contingent nature of the workforce in the United States, the United Kingdom and Australia, employers may be less likely to expend funds on workers who are part-time and/or contractual (Vandenheuval & Wooden 1999).

In other countries, there is an expectation about the social commitment of enterprises to training workers. For instance, in Germany and Switzerland there is likely to be strong social pressure for businesses to be involved in the training and ongoing development of their workers' skills. In countries such as the Netherlands where there are robust labour laws, enterprises want to maximise the skills of their workers (which they are paying for) and, therefore, need little encouragement to invest time and effort in skilling their workers. In Scandinavia, there is a long-standing social consensus on the value of training to business and on the rights of workers to receive training from their employees. Thus, central European-style laws on training do not bind employers in Denmark, Norway and Finland where training is provided as part of the employment contract with the employee, and which is premised on a sentiment of social obligation. Regulation in these circumstances is more focused on the distribution of training opportunities than on the provision of training *per se*.

In Australia, a quite different set of perceptions exists amongst employers. It could be argued that the Training Guarantee Scheme led to a heightened sensitivity about the cost of training. Basically,

[5] Interview with David Collins, Department of Employment and Training, New South Wales.
[6] Interview with Chris Robinson, Department of Employment and Training, Queensland.

it appears to have succeeded in modifying enterprises' views about training, so that training became viewed as a cost. This of course was the opposite result from that intended. In order to generate a voluntary and sustained commitment to the notion of training within enterprises, it may be necessary to facilitate an increased understanding about the importance of skills and ongoing development in relation to the economic viability of enterprises, their communities and the country as a whole.

In the shorter term, the government might:

- promote the need for equity in financial support for the national effort which is unfairly distributed across industry sectors and enterprises
- promote the importance of skill renewal to avoid problems of skill shortages for Australian enterprises
- illuminate instances of the contribution of skills to enterprise success, thereby highlighting the shared national goal of a highly skilled workforce.

Moreover, in contrast to previous approaches, there is probably a need to build a consensus over a commitment to expenditure on training within Australian enterprises.

In the longer term, the goal might be to change the perceptions of enterprises towards expenditure on training. Measures here might include:

- promoting (by the government) the importance of vocational knowledge and skills and the significance of their acquisition for skilled work and national wellbeing
- establishing the equivalents of trade associations and guilds which could become the advocates for vocational knowledge and the worth of its development
- seeking the advice and requirements of enterprises in the formulation of the curriculum development planning process, including credentialling systems.

However, beyond the goals of enhancing enterprises' commitment and contribution to the initial and ongoing development of its workers is an equally important goal, and that is for the expenditure on training by enterprises to be distributed more evenly across the workforce. Many international studies (for example, O'Connell 1999; Brunello 2001; Groot, Hartog & Oosterbeck 1994) have noted that the distribution of training opportunities in workplaces is inequitable. In many instances it is those who are most vulnerable and precariously placed in the workplaces who miss out. However, influencing practices in decision-making in workplaces seems to be beyond the scope of the processes described above. Both the mandated and regulated approaches adopted in France and Germany (Giraud 2002), as well as those in Australia, have been unable to address this issue. Even legislated requirements for enterprises to disseminate their annual training plans (as in Germany) or form bipartite enterprise committees to discuss training provision often have little or no impact on enterprise decisions about how training opportunities will be allocated.

It is more likely that this equity goal will be achieved through a process whereby the need for ongoing development for all workers throughout their working lives is emphasised. This requirement for learning for a working life is not restricted to the young, well-educated, and mobile; all workers increasingly require assistance in learning for the workplace. The workplace is often the only, and sometimes the most appropriate, place to learn vocational expertise.

In the next chapter, these discussions are synthesised into a set of options for policy measures and initiatives for the current Australian context.

Policy measures and options for Australia

To this point, the report has demonstrated how governments, both in Australia and overseas, are keen to find ways of increasing enterprise expenditure on the initial preparation and ongoing development of the skills of their employees. We have noted the commonly held view in Australia that the level of enterprise investment in training is lower than in comparable advanced economies overseas, and that this situation is unacceptable as it threatens the viability of Australia's global competitiveness. However, assumptions about low levels of enterprise expenditure on training may be over-stated. Currently, the level of enterprise expenditure on training appears to be growing and compares favourably with many other countries, including those which Australia has traditionally looked to for models of policies and practices. This report has also demonstrated that an analysis of statistical data relating to training expenditure and training practices in Australia suggests growing levels of enterprise investment in both structured training and skill development activities. Moreover, where reasonable comparisons are possible, it seems that enterprise training expenditure in Australia compares favourably with many other developed countries.

Nevertheless, the levels of enterprise training expenditure are not necessarily at their optimum level, nor is expenditure distributed evenly across enterprises of different sizes, and between those in the public and private sectors, or across different industry sectors. Also, it is uncertain whether the long-term skill development and training needs of enterprises and the nation are being met; that is, whether high-quality skill development is resulting from the activity in Australian enterprises. These factors suggest that policy needs to be considered carefully and targeted strategically to enhance and sustain the overall national contribution by enterprises to the development of workers' skills. However, since it is not always clear what goals government is aiming to achieve by encouraging enterprise expenditure on training, the selection of appropriate mechanisms and their likely effectiveness becomes more problematic.

Policy for enhancing enterprise investment in training

Policy measures for increasing enterprise investment in training need to be identified and appraised in terms of the policy goals to be realised. However, there is a tension between the national need for long-term and strategic skill development in the Australian workforce and the shorter-term and more immediate skills needs of enterprises. Thus, measures for enhancing enterprise expenditure on training might be directed selectively towards particular policy goals, when they have been identified. These might include:

- subsidising the cost of the existing provision of vocational education and training
- extending the current provision of vocational education and training by increasing the available funds
- ensuring that enterprise training expenditure is more equitably distributed across industry sectors
- distributing more equitably the opportunities for vocational education and training within workplaces
- improving the supply of available industry skills
- improving the quality of skill development

- distributing the expenditure on training more fairly across the different occupational groups in the workforce
- promoting the importance and value of vocations and their concomitant skill levels, and their role in maintaining the economic wellbeing of the country and, therefore, the need to invest in the development and maintenance of those skills.

This study has identified a number of policy measures used by governments worldwide to enhance enterprise expenditure on training. These are:

- a laissez-faire approach
- high employer commitment approach
- sectoral training funds approach
- national levy schemes and also occupational licensing.

These measures range in character from voluntary, with limited government involvement, to compulsory government-mandated actions, such as levies and regulated training. The attempts by successive governments in the United Kingdom to set targets for enterprises to contribute to the development of their employees through schemes such as Investors in People illustrate the former; the Australian Training Guarantee Scheme and the French system of national training levies exemplify the latter.

In general, it seems that any policy mechanisms adopted in Australia would need to accommodate the requirements of individual enterprises, as well as framing the policy in terms of the benefit accruing to the business for investing in training. This study has suggested that any policy mechanisms to increase enterprise investment in training in Australia would also need to:

- avoid characterising training as a cost to enterprises (that is, not commodifying training)
- differentiate between those enterprises already spending significant sums on the training of their employees and those who need greater encouragement
- avoid uniform or universal policies, such as national levies, which do not discriminate between the needs of different enterprises, industry sectors or groups of employees
- acknowledge voluntarism as the most desirable course, but recognise that this needs to be encouraged, supported and guided
- elevate the value and status of vocational skills, thereby placing a greater value on enterprise training expenditure.

In Australia, improvement in enterprise training expenditure normally takes place in the context of identified business needs. These typically include:

- maintaining or improving productivity or service delivery
- legislated requirements
- meeting industry standards
- professional currency of staff
- improving products and services.

However, this study has shown that, in many other countries, the bases for enterprise decision-making on training expenditure may be quite different. The research presented in this report indicates that decision-making is often rooted in broader social and cultural contexts or in the national need to enhance the performance of the economy, or diversify the sources of economic growth. Some of the broader social, cultural and economic factors affecting enterprise training expenditure in other countries identified in this study include:

- strong traditions of consensual and communal politics and participatory democratic structures that see policy being discussed, developed and enacted with local input (for example, Switzerland)

- ✧ the shared burden of the cost of skill development resulting from cost savings through the relatively low wage levels of apprentices who are willing to forgo high wages to benefit from a thorough training (for example, Germany and Switzerland)
- ✧ a broader and more collaborative base for organising and sharing in skill development across enterprises and individuals (for example, Germany and Switzerland)
- ✧ the different emphasis given to, and sponsorship of, initial and continuing development of skills, with initial vocational training largely sponsored by the government, and continuing vocational training by industry (for example, the Netherlands, France and Germany)
- ✧ social obligations which arise from social charters compelling employers to provide supportive and developmental experiences in their workplaces (for example, the Netherlands, Finland and Norway)
- ✧ the evidence of the (largely unfortunate) consequences of laissez-faire approaches to ongoing skill development for contingent workers (for example, United States and United Kingdom)
- ✧ the need for localised decision-making with nationally mandated training levies (for example, France)
- ✧ the need to engage employers in the national vision for economic development (for example, Malaysia and Singapore).

Policy mechanisms for the Australian context

In the previous chapter we identified a number of possible policy options for enhancing enterprise investment in training. These included:

- ✧ levies of different types—universal, sectoral and regional
- ✧ sharing the costs of training through leverage or partnership arrangements
- ✧ occupational regulations
- ✧ changing the perceptions of enterprises regarding training.

Here we assess their relevance to the current Australian context.

Levies

National levies

A number of interviewees who favoured the imposition of a national levy suggested that the Training Guarantee Scheme had many strong points which had been overlooked by Australian business. These included a high level of participation by Australians in vocational education and training sponsored by enterprises, and a greater awareness amongst business managers of the costs and benefits of training. However, these interviewees also conceded that a national levy would be unworkable in the current political climate. Even the term 'levy' is emotively charged.

The Australian experience of the Training Guarantee Scheme reflects the overseas experiences of countries such as Malaysia, Korea and France, where such levies, while increasing training expenditure, often lead to a climate of grudging and superficial compliance rather than enhanced enterprise commitment to training. The Training Guarantee Scheme also failed to address the needs of industry sectors largely comprised of small employers (for example, construction industry) and which were exempt from the scheme. Moreover, these kinds of schemes are likely to further commodify vocational education and training—drawing attention to their cost—rather than engendering a strategic and voluntary commitment to it. In addition, national levy schemes have been shown to be unsuccessful in supporting training and development to those workers who are most in need (that is, low-paid and low-skilled). There is also little evidence that the funds are directed towards development of the kinds of skills that are often claimed to be required for high-performing economies.

However, there is one form of a national levy which warrants closer attention, and this is a levy directed towards ensuring that lower paid and lower skilled workers are able to access training and development. The Skills Development Fund in Singapore is the model for this form of highly targeted levy. In this scheme employers can recover the costs of participation of low-skilled workers in approved programs. The rationale for considering such a levy in Australia is that, to date, none of the policies implemented in countries such as France and Germany have been able to influence the expenditure of training funds within enterprises. In particular, there is little evidence to suggest that low-paid and low-skill workers have been the beneficiaries of such funds. Both French and German employers have resisted the curtailment of their right to determine how funds for training are distributed among their workforce. This was also an issue for the Training Guarantee Scheme, where claims of inequitable distribution of funds favouring management and higher paid workers were made.

Sectoral levies

It is likely that industry sector-specific levies will work when a need is identified either within the sector, or is widely accepted by enterprises within it. It is most likely that these levies will need to operate at a state or regional, rather than a national, level. Some form of visible enterprise involvement in decision-making in relation to the collection, management and expenditure of the levies seems to be crucial for engendering enterprise support for these levies. The issues of visibility and access are important to secure enterprise commitment, as demonstrated in reforms to the French levy system. In Australia the construction industry training levy is an example of a levy developed and controlled by the industry. The construction industry levy is not-for-profit, not under government control and has an independent board with an independent chair. Similarly, the brick and block levy in Victoria arose from an industry-identified need (that is, skill shortage, ageing workforce) and represents an industry-led scheme focused on rejuvenating the level of skills in that sector.

Local levies

Regional or local levies may also be acceptable and effective, either within the industry sector or across sectors. Here again, the issue of transparency of process and accessibility to benefits by enterprises contributing to levies appears to be paramount. Such levies might arise from identified needs within the community or industry (for example, the brick and block levy in Victoria, viticulturists in South Australia) or to address regional or state differences (for example, state building codes). Importantly, it is likely that the support required for such a levy is likely to be premised on explicit evidence of its successful impact, as well as on enterprise involvement in decision-making about the levy.

The following conditions are most likely to secure enterprise support for levies:

- The enterprises or industry sector involved identify or express a particular need (for example, skill shortage, professional development).
- The levy is seen to be independent from government.
- The mechanisms for collection, decision-making and enacting the levy are transparent and accessible to the enterprises contributing to it.
- Enterprises can identify positive outcomes from the levy system.
- The application of the levy generates a commitment to ongoing contributions.

The implication of these conditions for successful levy systems is that the government has a restricted role to play in their implementation. Policies for governments in this situation could include:

- assisting industry sectors, local interests or groups of enterprises to identify needs, establish procedures and organise mechanisms to collect, expend and evaluate contributions

- ✧ working collaboratively with industry sectors, regional communities or groups of enterprises to encourage a greater commitment to vocational education and training in ways which meet their needs, and those of the communities in which they are situated
- ✧ helping to establish independent boards of management accountable to the sectors or region
- ✧ publicising examples of successful, collaborative and supportive levy arrangements at the local or sectoral level
- ✧ establishing and promoting industry sector networks and associations to support the need for skill development.

From this discussion it is clear that a national, universal training levy system is neither desirable nor feasible. However, we have noted one exception, and this is the levy which addressees the needs of low-skilled and low-paid workers—the levy along the lines of the Singaporean Skills Development Fund. Other groups of disadvantaged workers may also be identified, such as casual workers who do not have access to training opportunities at work and who could be participants in a similar system. In addition, this report has identified potential for localised or sectoral levies.

Partnerships

Partnerships between enterprises and VET providers are likely to be the most useful method for encouraging expenditure by large enterprises or groups of enterprises. Industry-funded skill centres in TAFE facilities represent one such example. Shared programs between particular VET providers and enterprises represent another. A good example of this form of arrangement is provided by the TAFE Queensland Mining Services scheme discussed earlier. Such partnerships are likely to arise from the recognition of strategic goals or potential needs (for example, changes in technology, specialist skill development needs) by the enterprises in that sector. The foundations for establishing and maintaining such partnerships are likely to be premised on mutual interest, collaboration and trust, as much as competition, although individual enterprise needs will have to be met to sustain such partnerships. The kinds of arrangements required to establish and sustain partnerships are likely to be negotiated and perpetuated at a local level.

Securing expenditure and commitment from enterprises is likely be premised on developing skills and capacities that are highly pertinent to the sponsoring enterprises. However, such enterprise-specific skill development may come at a cost to national industry training goals, and even those associated with individuals' aspirations outside that workplace.

In sum, such partnerships are likely to be developed and sustained through:

- ✧ shared interests, capabilities and commitment
- ✧ local negotiations
- ✧ being focused on specific enterprise needs.

The policy mechanisms which the government might adopt to promote partnerships include:

- ✧ encouraging and assisting enterprises to identify strategic goals that can be best addressed through partnerships
- ✧ supporting and rewarding VET providers who engage in partnership arrangements
- ✧ encouraging the development of local and sectoral networks to support and encourage such partnerships
- ✧ acknowledging and publicising the virtues of such partnerships
- ✧ ensuring that a proliferation of enterprise-specific vocational requirements is offset by mechanisms which address broader industry and individual goals for learning.

Leverage

Sharing the cost of training

Demonstrating that sharing the cost of the initial preparation and ongoing development of employees' vocational skills may well provide leverage to encourage increased expenditure by enterprises. Mechanisms for sharing costs include those made through societal contributions or direct governmental financial support. For instance, in Germany and Switzerland, the low wage levels of apprentices provides a form of leverage which encourages employers to sponsor apprentices and also obliges them to provide their apprentices with a thorough vocational preparation. If such sharing is to be encouraged, it may need to be balanced by the kinds of advantages to employees apparent in Germany and Switzerland (that is, solid and proven commitment to developing skills in the workplace). Alternatively, some forms of subsidies by the government to reduce the financial burden of employing apprentices can be used to lever additional funds from enterprises.

There are a variety of federal and state mechanisms for providing subsidies for training currently in place in Australia. At the national level, the system of Commonwealth subsidies for New Apprenticeships has clearly played a crucial, if sometimes controversial, role in the substantial increase in contracted training in Australia in recent years. However, there are also many schemes at the state level which have had a similar, although less well-recognised, role in stimulating enterprise training expenditure.

Some schemes are specific to targeted industry sectors, while others reflect general programs, such as exempting apprentices from payroll tax or workcover charges. These subsidies may help explain differences in participation rates in entry-level training (that is, high numbers of traineeships in Queensland). Subsidies can also be used to assist cohorts of workers—learners who have transition difficulties (for example, long-term unemployed, returnees) and groups not well represented in particular areas of the workforce (for example, women, Indigenous, migrants). In addition, subsidies can be used to offset the disadvantage experienced by industry sectors not well served by the current vocational education system. Sharing of cost through subsidies is applicable to both small and large enterprises, and can occur in locations where partnerships cannot operate and can be targeted to address particular needs. However, it is claimed by the Business Council of Australia that subsidies of this kind are not crucial to decision-making within big business. Instead, the overall business goals are more likely to be the basis for leverage. A shortcoming of subsidies is that they may become accepted as the norm and thus encourage dependence. If used too widely, they may erode enterprise commitment to developing employees' skills and will serve to further erode the relations between employers and employees in terms of their skill development.

Promoting enterprises as supporting learning

Acknowledging enterprises which make a significant contribution to their employees' initial and ongoing skill development represents another form of leverage. For instance, the government might seek to publicly recognise and promote enterprises which contribute to the development of their workers' skills. In the United Kingdom, the government provides endorsement of enterprises which contribute to development of their workers in the form of an Investors in People 'kitemark'. This promotion might also involve preferred supplier status or encouraging the community to support identified enterprises. In Germany and Switzerland there is a strong community expectation that enterprises provide training to support local apprentices. It has been suggested that, in Switzerland, locals would be aware of which enterprises are not supporting apprentices. Generating a system which adheres to values such as these, both within Australian enterprises and the community, is clearly an important strategic goal.

In sum, leverage can be secured by sharing the cost of training, payment of subsidies and promoting those enterprises which make a significant contribution towards their employees' ongoing skill development. The policy mechanisms for government could include:

- ✧ finding ways of apportioning the cost of employees' development across the community

- ✧ identifying industry sector needs and those of particular groups most likely to benefit from the targeted subsidies
- ✧ ensuring that both subsidies and other forms of sharing are matched by enterprises' commitment to the development of their employees skills
- ✧ promoting and acknowledging those enterprises which make significant commitments to their employees' skill development
- ✧ encouraging communities to acknowledge the effort of enterprises which make such a commitment.

Regulation

It is acknowledged that enterprises will fund training in order to meet legislated or regulatory requirements, such as licensing. Therefore, regulation of skills training presents an option to leverage additional training expenditure from enterprises. In recent times, the range of regulatory requirements has increased to meet community expectations about the conduct of certain kinds of work (for example, food handling and preparation). Others may well emerge as community expectations grow or change. Governments can encourage the growth of this form of leverage. For instance, governments might stipulate that any organisation in receipt of government contracts must employ staff with appropriate certification (for example, healthcare, aged care, training). During the era of the Training Guarantee Scheme many thousands of workers undertook basic instructional skills training so they could be acknowledged as providing certified training in the workplace.

Yet, while regulatory arrangements offer the potential for increasing enterprise expenditure on training, it is a tool that should be used selectively and carefully. Arrangements that are perceived in workplaces as being needless may well lead to superficial compliance and the weakening of existing arrangements. To secure commitment, industry sectors which are the focus of these licensing arrangements need to be consulted and involved, and the scope of such arrangements determined (for example, the different building codes across the states and territories).

In the context of regulation encouraging additional expenditure upon training, the policy mechanisms for government might include:

- ✧ identifying where there is a clear community interest and governmental obligation to license work practices
- ✧ appraising the likely public benefit from regulating training
- ✧ enacting licensing arrangements in conjunction with the particular industry sector
- ✧ establishing clear parameters about the scope of these licensing or regularity arrangements.

Improving perceptions of the value of expenditure on training

This report has shown that there is no simple policy prescription which is immediately applicable from current Australian practice or from overseas and which will address the issue of increasing employer contributions to training. A range of mechanisms, including levies, leverage and partnership arrangements have all enjoyed some success in a range of different situations. However, an important lesson from these considerations is that commitment from employers to any arrangements is critical to their ultimate success. This implies that a voluntary commitment to the concept, aided by encouraging government intervention, is essential to the success of policy in this area. Fundamental to a commitment to investment in employee training is the perception which employers have of vocational training.

Ultimately, decisions about expenditure of funds on training are determined by individuals' interests, values and commitments—as managers, supervisors, business owners or individuals' sponsoring their own development. Their commitment to training depends on their attitudes towards it. Mandating financial or other support may prove counterproductive (for example, superficial compliance or resentment towards the ongoing skill development of employees). However, when there is agreement that such measures are required, they find broad support.

Therefore, an important policy goal is the promotion of the status, significance and value that individuals and enterprises place on both the initial and ongoing skill development of vocational knowledge and practice. The degree to which such knowledge and practice are valued is central to the way in which individuals and enterprises make judgements about the costs, effort and commitment to ongoing skills acquisition throughout employees' working lives. Enhancing the standing and status of the skills acquisition process appears as a key goal for Australia. In other countries apprentices are willing to work for longer hours and lower levels of pay to secure prized vocational knowledge. In the Netherlands and Germany, the training funds provided for apprenticeships are largely those of the enterprises. Similarly, in other countries enterprises and unions are willing to collaborate to provide quality vocational education provisions to avoid intervention by the government. The role of enhancing the status of vocational practice is best allocated to the government, since industry might well have difficulty promoting arrangements which have the potential to complicate industrial processes.

A key strategic policy goal is, therefore, the elevation of vocational practice, vocational knowledge and its ongoing development. An improvement with regard to vocational knowledge may encourage a more mature approach to enterprise commitment to training and avoid the need for compulsion and lead to a more balanced sharing of the cost of employee development. The establishment of professional bodies which can advocate for, identify needs and play a role in policy formation is a mechanism for accomplishing this.

The policy mechanisms for government might include:

- ✧ acknowledging the richness and complexity of vocational practice
- ✧ promoting in the community the significance of vocational practice to everyday life
- ✧ assisting the establishment and continuity of professional bodies which seek to promote particular forms of vocational practice
- ✧ engaging and accepting the advice of such professional bodies in policy formation
- ✧ generating a climate in which the professional standing of vocational practice is held to be significant.

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Appendix 1: Protocol for Australian interviewees

Introduction

- ✧ Title of respondent
- ✧ What is your role?
- ✧ Organisational affiliation
- ✧ What are the key roles of the organisation with regard to employer training?
- ✧ In what ways does your organisation influence employer investment in training?

Scope of employer investment in training

- ✧ In your industry/state how would you characterise the current level of employer investment in training?
- ✧ How do you reach this conclusion?
- ✧ How would you express employer investment in training in your industry/state in terms of the following:
  - training expenditure
  - hours of training per employee
  - participation
- ✧ What are the most common forms of employer investment in training in your industry/state (use prompts if necessary):
  - formal, off-the-job training in enterprise specific skills
  - formal, off-the-job training in general skills
  - informal, on-the-job training in enterprise specific skills
  - accredited training
- ✧ To what extent do employers in this industry/state employ training staff?
- ✧ How would you describe the typical employer's attitude towards expenditure on training?

Mechanisms for increasing employer investment in training

- ✧ Do employers in this industry/state need to increase their investment in training? If so, why?
- ✧ What do employers gain from increasing their investment in training?
- ✧ Under what conditions are employers most likely to increase their investment in training?
- ✧ Describe the specific funding mechanisms in your industry/state that aim to encourage employer investment in training?
- ✧ How effective have these mechanisms been in encouraging employer investment in training?
- ✧ Why is that?

- Do you know of any written evaluation of these mechanisms. How can we get hold of these?
- Do employers in this industry/state resist these mechanisms and why?

Options for policy

- How can employers be encouraged to increase their investment in training in your industry/state?
- Specifically what needs to happen for employers to view expenditure on training as a strategic issue?
- What forms of training are employers most likely to (a) embrace and (b) resist?
- In what ways should there be different policies for different regions and if so, how should these policies differ?
- How can employers be encouraged to distribute training more equally across all groups of workers?
- In what ways should (a) your organisation and (b) governments attempt to create a climate that encourages employer investment in training in your industry/state?
- What are the arguments for making policies to encourage employer investment in training compulsory or voluntary?

Appendix 2: Protocol for international interviewees

Introduction

- ✧ Title of respondent
- ✧ Organisational affiliation
- ✧ In what ways can this organisation influence employer investment in training?

Scope of employer investment in training

- ✧ In your country how would you characterise the current level of employer investment in training?
- ✧ How do you reach this conclusion?
- ✧ How would you express employer investment in training in your country in terms of the following:
  - training expenditure
  - hours of training per employee
  - participation in both on the job and structured training programs
- ✧ How does employer investment in training differ:
  - across industry sectors
  - between different groups of workers
  - between different sizes of enterprises
- ✧ What are the most common forms of employer investment in training in your country (use prompts if necessary):
  - formal, off-the-job training in enterprise specific skills
  - formal, off-the-job training in general skills
  - informal, on-the-job training in enterprise specific skills
  - training provided by other training providers
- ✧ To what extent do employers employ training staff?

Mechanisms for increasing employer investment in training

- ✧ Why do employers in this country need to increase their investment in training?
- ✧ What will employers gain from increasing their investment in training?
- ✧ Under what conditions are employers most likely to increase their investment in training?
- ✧ Describe the specific funding mechanisms that exist in your country which aim to encourage employer investment in training?
- ✧ How effective have these mechanisms been in encouraging employer investment in training?
- ✧ Why is that?

- ✧ Do you know of any written evaluation of these mechanisms? How can we get hold of these?
- ✧ Do employers in this country resist these mechanisms and why?

Options for policy

- ✧ How can employers be encouraged to increase their investment in training in your country?
- ✧ Specifically what needs to happen for employers to view expenditure on training as a strategic issue?
- ✧ Would employers in your country be likely to resist or comply with these measures?
- ✧ What forms of training are employers most likely to (a) embrace and (b) resist?
- ✧ In what ways should there be different policies for different regions and if so, how should these policies differ?
- ✧ How can employers be encouraged to distribute training more equally across all groups of workers?
- ✧ In what ways should (a) your organisation and (b) governments attempt to create a climate that encourages employer investment in training in your industry/state?
- ✧ What are the arguments for making policies to encourage employer investment in training compulsory or voluntary?

Appendix 3: Interview schedule

International

Country	Contact	Interviewer
Korea	Dr Kisung Lee, KRIVET	AS
Germany	Prof Hermann Schmidt, BIBB Prof Thomas Deissinger, University of Konstanz Dr Dick Moraal, BIBB	AS
Netherlands	Dr Jittie Brandsma, University of Twente	AS
Malaysia	Prof Gert Loose, Office of the Prime Minister	AS
Singapore	Prof A Osman-Gani, National University of Singapore	AS
International Labour Organisation	Mr Vladimir Gasskov	AS
France	Dr Olivier Giraud	SB
Switzerland	Dr Jurg Schweri	SB
Norway	Dr Tarja Tikkanen	SB
Finland	Dr Tarja Tikkanen	SB
United Kingdom	Prof David Ashton, University of Leicester Dr Ewart Keep, University of Warwick	SB

Australian

Organisation	Contact	Interviewer
State Training Authorities		
New South Wales	David Collins, Department of Education and Training	AS*
Queensland	Chris Robinson, Department of Education and Training	AS
Victoria	George McLean, Department of Employment Education and Training	SB**
South Australia	Dr Geoff Wood, Office of Vocational Education and Training	AS
Employers		
Business Council of Australia	Maria Tarrant	SB
Australian Industry Group	Rob Lucas	AS
Master Builders' Association	Paul Kearney	SB
Australian National Training Authority	Peter May	SB
Industry training advisory bodies		
Wholesale, Retail and Personal Services	Jeanette Allen	AS
Construction Industry Training Board (South Australia)	Marcus d'Assumpcao	SB
Manufacturing, Engineering and Related Services	Bob Paton	AS

Notes: * Interviewed by Andy Smith
** Interviewed by Stephen Billett

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