



Workplace training: employer and employee perspectives



NATIONAL CENTRE FOR VOCATIONAL EDUCATION RESEARCH

INTRODUCTION

According to the 2016 Organisation for Economic Co-operation and Development (OECD) report, *Education at a glance*, much of the learning at work takes place through employer-supported training. Both employers and employees recognise the benefits of such training because skilling the workforce can lead to better jobs, greater firm competitiveness and higher national productivity. Therefore, a better understanding of the factors of supply and demand for employer-supported training can help address inequalities in access and participation, as well as direct incentives or subsidies to such training.

This research summary draws out the main findings of research by Chandra Shah (Monash University and Victoria University), published in two key reports:

- *Employer-supported training in Australia: participation, demand and supply*¹
- *Employers' perspectives on training: three industries*²

It focuses mainly on the first report in which Shah, using Australian data from the 2011–12 Survey of Adult Skills, investigates the factors of participation in training, and how these factors affect employees' demand for training and employers' willingness to provide training.

The **Survey of Adult Skills** is part of the OECD Programme for the International Assessment of Adult Competencies (PIAAC). It measures adults' literacy, numeracy and problem-solving skills, and gathers data on how adults use their skills at home, at work and in the wider community. Australia was one of the first countries participating in Round 1 of the program, with Australian results released in 2013. A total of 24 countries participated in round 1, with a further 14 countries participating across the more recent rounds 2 and 3. The data is currently the best available source of international comparisons and information on skills and competencies for people aged 15-74 in the domains of literacy, numeracy and problem solving. The data is used widely by the OECD and others for making policy in various areas including the performance of education and training systems and exploring gaps between education outcomes and the labour market. The OECD proposes to conduct the PIAAC survey internationally every ten years. The next survey is therefore not proposed to be conducted in Australia again until 2021. For more information <http://www.oecd.org/skills/piaac/aboutpiaac.htm>.

Employer-supported training includes both formal education and training, leading to a recognised qualification under the Australian Qualifications Framework (AQF), and non-formal training, such as on-the-job training, seminars etc.

1 Shah 2017 <<http://hdl.voced.edu.au/10707/439226>>.

2 Shah 2017 <<https://www.ncver.edu.au/publications/publications/all-publications/employers-perspectives-on-training-three-industries>>.

PARTICIPATION IN WORKFORCE TRAINING

The main focus is on the training that employees undertake, some of which is supported by employers. The analysis shows that 70% of employees participated in training in 2011–12, a majority of whom received employer support for it. The report identifies three groups of employees and finds that:



Those undertaking training **with employer support** are relatively more likely to:

- be working:
 - full-time
 - in a skilled occupation
 - in the education or health sector
- be permanently employed
- have attained a higher education qualification.



Those undertaking training **without employer support** are more likely to be:

- female
- young
- casual workers.



Those **not participating** in any training are relatively more likely to be:

- male
- working in manufacturing
- working in the private sector.

By more specifically defining the groups of employees who are not participating in employer-supported training, or any training at all, the analysis provides a basis for developing strategies to address imbalances in supply and demand for training at work.

UNDERSTANDING UNMET DEMAND FOR TRAINING

The issues that explain the unmet demand for training for a quarter of all employees suggest the types of interventions that could stimulate greater participation.

The top barriers are:

- being too busy at work, which was an impediment for around 30% of people
- not being able to afford the training
- having family responsibilities and insufficient access to childcare.



Shah's research dispels some of the assumptions often made about training but reinforces others:

- **Age has a significant effect on determining demand for training but not supply.** Interventions to encourage greater workplace learning among older workers should concentrate more on motivating employees than employers.
- **Part-time employees, who have the same demand for training as their full-time colleagues, are significantly less likely to be supported by their employers.** This is important in Australia, a country with significant numbers of involuntary part-time workers.
- **Employees' demand for training increases significantly with their educational attainment,** with highly qualified workers more able to co-invest in their training because of better access to finance. This supports the notion that 'learning begets learning'. Employers do not discriminate between employees with vocational qualifications and those with higher education qualifications when making decisions on whom to support for training, but **are much less likely to support the training of employees who have only attained school-level qualifications.**
- **An employee's level of literacy significantly affects both their demand for training and an employer's willingness to support training.** More literate employees have better access to information about training opportunities, which then generates demand. Conversely, employers may use literacy to screen employees for their suitability for training.
- **Casual employees want training as much as other workers and employers do not discriminate against casual employees when making decisions on whom to support for training.** This could reflect the higher frequency with which casual employees undertake induction training as they move between jobs. It also reflects the changing structure of the labour market, with casual contracts becoming much more common and being used for jobs that traditionally attract training.
- **Gender is not a significant factor in either demand or supply decisions,** which is contrary to some previous studies that show that females were less likely to be supported for training by employers than males. This again reflects the changing nature of the labour market, where the participation of women with high levels of educational attainment has increased substantially.
- **More employer-supported training occurs in the public sector than in the private sector.** This can be in part attributed to greater union representation in the public sector and may also explain why those working in health and education are much more likely to be participating in employer-supported training than workers in other industries.
- **Employees in larger firms are more likely to participate in employer-supported training than those in smaller firms.** This is not only because larger firms are more willing to support employee training but also because employees in larger firms are more likely to demand training. Increasing **training in smaller firms should therefore focus on changing both employer and employee behaviour.**

When designing interventions to encourage greater workplace learning, concentrate more on the motivation and abilities of employees than on employers.

EMPLOYERS' REASONS FOR INVESTING IN TRAINING

Training decisions were affected by the availability of reliable information on the training market, a particularly important issue for small firms.

A more detailed idea of the factors that influence an employer's decision to invest in training is addressed in *Employers' perspectives on training: three industries*, which provides the analysis of interviews with senior managers and trainers in ten firms in the meat processing, road freight transport, and international freight-forwarding industries located in urban and regional areas on Australia's eastern seaboard.

Key findings of this research are that training decisions are affected by the:

- need to comply with industry regulations, particularly those relating to hygiene, health and safety
- quality and source of entry-level labour supply
- availability of a public subsidy for training, which influences support for full qualifications
- quality and flexibility of training providers
- availability of reliable information on the training market, a particularly important factor for small firms.

The research technical report, *Employer-supported training in Australia: participation, demand and supply*, on which this summary draws can be accessed from <<http://hdl.voced.edu.au/10707/439226>>.

Further related research has been published separately by the author. This research evaluates employer-supported training brokered by the Transport and Logistics Industry Skills Council (TLISC) and funded through the National Workforce Development Fund (NWDF) program, which sought to train, reskill and upskill workers in areas of identified skills need.

See Shah, C 2017, *Analysis of National Workforce Development Fund training in the transport and logistics industry* <<http://hdl.voced.edu.au/10707/437117>>.

CONCLUSION

- **Learning begets learning.** Workers' demand for training increases with their:
 - level of literacy
 - readiness to learn
 - level of educational attainment.

Conversely, people in semi-skilled and elementary jobs are less likely to receive training.

- **There is an appetite for training in the Australian workforce.** While a significant majority of Australian workers receive employer support for training, about a quarter feel they have unmet demand for training.
- **Participation in training is not equally distributed.** Those with low educational attainment and low literacy, who are older or in low-skill occupations are less likely to get training or to want it. This research suggests that more needs to be done to stimulate employee behaviour to encourage these workers to take up training.
- With the structure of the labour market now characterised by significant amounts of part-time work, **more effort is needed to ensure that part-time employees, especially those in the private sector, gain access to employer-supported training.** Here the emphasis should be on encouraging employers to support training.
- **Increasing participation among employees in small firms and in low-skill occupations requires approaches that address the barriers faced by both employees and employers.**



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