

# Bulletin

Institute for  
Employment  
Research

## RECENT RESEARCH ON JOB-RELATED TRAINING

### Introduction

For various reasons, many employers, employees, job seekers and others with an involvement in the labour market have a special interest in the role of job-related training. Such interest may arise from the belief that other countries are more efficient than the UK in the organisation and delivery of training, or it may relate to perceived benefits of training – benefits which could include higher wages and more stable job prospects from an individual's perspective, or a more productive and competitive workforce from the employer's point of view. Despite the interest, information about the causes and consequences of job-related training remains difficult to find. The purpose of this Bulletin is to bring together findings from various research projects, both from within and outside the IER, in a way which will help to make some of these findings more accessible to a wider audience.

### Job-related training: Definitions and sources of information

A major problem in determining the availability of information on training is the lack of any agreed definition of training. Some sources define training in the broadest sense as '... intentional intervention to help the individual (or the organisation) to become competent, or more competent, at work' (*Training Statistics, 1993 p.9*). Other,

narrower definitions refer to the acquisition of skills and knowledge related to work requirements, sometimes specifying that training must be 'planned and purposeful'.

This lack of agreement on definition highlights a key feature of job-related training – its sheer variety. Training can range from activities such as 'watching others' to highly formalised programmes leading to professional qualifications. In some occupations/sectors, training is an essential part of the process of entry into a particular job. For example, the legal profession retains tight control over the training of solicitors and barristers. In many jobs, training is given only to new members of the workforce. Special arrangements (e.g. rates of pay, status in employment) may surround a new recruit until such time as he or she is regarded as a 'trained' member of the workforce. Increasingly, employers are making use of skills upgrading courses – short courses which prepare employees for new working methods or changes in the organisation of work.

Considering the perceived functions of training, some employers and employees view training as a necessary and worthwhile investment yielding a return to both the trainee and the firm at some future date. Others view training more simply as a fixed cost associated with hiring of new labour. Some employers will not voluntarily engage in training, arguing that if they incur such costs, other employers may 'poach' their trained labour before they reap the benefits. Some labour market analysts regard training as a way of reducing 'frictions' in the labour market; by re-equipping

redundant workers with new and desirable skills unemployment will be reduced and skill shortages alleviated. The latter view is one of the elements motivating the demand for local area *Skills Audits*.

Sources of information on job-related training reflect this diversity of definitions of training and the functions it is intended to perform. For a good general overview of what training is, who gets it, who pays for it and the qualifications it may lead to, the reader is referred to *Training Statistics 1993* (London: HMSO). This volume, the fourth in an annual series, brings together information from a wide variety of sources to address these questions. Key evidence highlighted in the latest volume, shows that training activities continued to fall since peaking in 1990. Training activities are concentrated in managerial, professional and technical occupations and within service sector activities. Part of the decline in training activity in recent years is associated with the recession. With employers funding training activities (the vast majority of employees receive full pay whilst undertaking training), the squeeze on labour costs in the last three years has undoubtedly caused many employers to trim back plans for the provision of training for employees.

### Recent research findings

While sources such as *Training Statistics* provide valuable statistical information on the provision and nature of job-related training, further insights into the causes and consequences of job-related training require a more focused study of information obtained in surveys of individuals and employers and from detailed investigations conducted at the workplace. A number of such studies have recently been completed at the Institute for Employment Research and this section reviews their findings.

Elias and Healy (1994) collected information during the period 1989-91 from two major surveys carried out within the Coventry locality – 2,500 employers provided details of the provision of training and 7,500 individuals gave a full account of all spells of training they had received during their working lives. Among the main findings from this study are:

- organisations which anticipate fluctuating recruitment problems are more likely to provide training;
- large organisations are much more likely to provide training than smaller organisations;

- employees who receive formal training are less likely to leave their employer than those who receive no training or only informal training.

In a second study, Elias (1994) again uses detailed work and training history information to pursue the link between training and subsequent labour mobility. Based upon such data from a random sample of 1,000 residents of a town in the North West of England, the study confirms the lower rates of job turnover found among ex-trainees in the Coventry-based study.

The variation in the extent of training amongst enterprises and the need to raise the volume of training taking place in order to create a more flexible, highly skilled and qualified workforce was recognised by the Confederation of British Industry in 1991 when it defined a set of World Class Targets (CBI, 1991). These objectives have now been adopted by government as National Education and Training Targets (NETTs). One of the targets (Lifetime Target 1) requires that “by 1996, all employees take part in training or development as the norm”. There is, however, no recognised measure of this target which is, as it stands, ambiguous, requiring further definition of training and development activities and what is meant by the term ‘the norm’. In a survey of 3,500 households in Derbyshire during early 1993, Hasluck (1993) attempted to measure the extent to which this training target had been achieved, by asking persons in employment whether they had “taken part in some form of training or development activities in the last 12 months?”. The meaning of ‘training and development activity’ is self-defined by the respondent. A period of 12 months was selected to reflect an expectation that training need not be occurring all the time and may be periodic or of short duration but, in order to be regarded as being ‘the norm’ some form of training or development activity should have taken place during the 12 month period.

The results of the survey confirm those of the earlier study by Elias and Healey. Overall, around 30 per cent of people in employment had taken part in ‘training or development activity’ over the 12 months of 1992. However, this overall figure disguises differences between males and females; men are more likely than women to have received some form of training. The survey also confirms the positive relationship between establishment size and the likelihood of receiving training. This can be seen in Table 1 below.

**Table 1**  
**Proportion of employees receiving training, by size**  
**of establishment, Southern Derbyshire, 1993**

per cent

Size band	Male	Female	Total
1 employee		16	2018
2-9 employees	25	17	20
10-24 employees	26	36	32
25-99 employees	33	31	32
100-499 employees	45	30	36
500 employees or more	42	47	44
All establishments	34	30	32

The survey noted a marked difference in the incidence of training between full-time employees (about 40 per cent of whom received some training in the previous 12 months) and part-time employees and the self-employed of whom the corresponding proportion is just 18 per cent.

### Training in recession

At times of recession training is vulnerable to cut-backs in expenditure. In Autumn 1992 a team of researchers from the Institute for Employment Research and the Local Government Centre, University of Warwick, undertook an in-depth survey of thirty-five engineering companies in Essex, Hertfordshire and Bedfordshire (Geddes *et al.*, 1993). The focus of the research was on how engineering companies were reacting to shifts in their competitive environment by altering their employment, training, production and locational strategies.

Over the 1980s productivity growth tended to outstrip the demand for engineering output, leading to a fairly continuous loss of jobs in the sector. At the same time the occupational structure of the engineering industry changed as the balance of employment shifted increasingly towards more skilled non-manual occupations and away from semi-

skilled operative and unskilled occupations. These trends are forecast to continue over the 1990s, resulting in a significant reduction in the level and changes in the structure of engineering employment in the South East.

Sometimes significant cuts in the numbers employed arise from *reactive* change requiring "desperate cuts to survive in recession". On the other hand cuts may be the result of *proactive* change "in the race to cut costs". However, in the context of recession, these cuts tend to take place in a sluggish labour market in which voluntary job turnover is at a low level and so employment change is slow and difficult to achieve. Low job turnover often means that employment reductions can only be achieved by creating redundancies. It also means that it is more difficult to obtain labour with new skills – resulting in a *skills gap*.

While the survey of engineering companies revealed little evidence of specific skills shortages, there was evidence of a growing emphasis on the importance of multiple skills and *functional flexibility* in production. Alongside functional flexibility, it is also clear that many companies are seeking to achieve greater *numerical flexibility* by increasing the number/proportion of staff employed on a fixed-term, casual, temporary or self-employed basis.

In an increasingly competitive environment, the need to increase the amount of training occurring and to raise the qualifications of the workforce is widely recognised. Nevertheless, a substantial number of companies – particularly the small and medium-sized ones – do not have a training strategy. Training is most prevalent amongst large employers, and so the demise of large employers is likely to have implications for the training infrastructure. Lack of a formal training strategy does not necessarily mean that no training (other than induction training) is taking place, but it may mean that training is undertaken as a *last resort*. In other instances, reliance is placed on bringing in trained staff from elsewhere. In those companies with well-developed training strategies, there is increasing emphasis on training as a *partnership* between the individual and the company – with recognition that training has to involve both individual commitment and company commitment.

### Policy implications

These research findings have important policy implications. As expected, employer and household surveys show that training activity is lower in small firms. This suggests that

small organisations are less willing to accept the risk of a trained employee leaving their organisation upon completion of his/her training. Yet the evidence also suggests that these fears are somewhat misplaced. There is no evidence to suggest that, following a period of training, an ex-trainee is any more likely to leave their employer than persons who had not received training. In other words, there is little evidence to support the 'poaching' hypothesis.

The in-depth survey of engineering companies revealed that many employers were more interested in training employees to company standards, rather than in certifying those skills externally. Such a strategy is justified by its proponents on the grounds of obviating expenditure on "irrelevant"/"insufficiently customised" training and reducing the likelihood of the recipients of training "taking away" general skills from the company. By contrast those companies characterised by strong training cultures tended to view training as "long-term investment".

Taking the results of the various surveys, along with findings from interviews with selected colleges and other training providers (not reported here), it was clear that no over-arching strategic view is being taken about the organisation, provision and costs of engineering training. While the prevailing government philosophy emphasises the role of market forces in determining investment in training, in practice this does not appear to be in accordance with government intentions to create a well-trained and flexible workforce.

Within a context of uncertainty and change, it is pertinent to consider policy options along five inter-linked dimensions – conventionally presented in terms of opposing alternatives (see Box 1).

**Box 1**  
**Opposing policy dimensions**

competition	v.	co-operation
reaction	v.	proaction
specific	v.	general
short-term	v.	long-term
partial	v.	holistic

A *co-operative* approach may be more appropriate than a *competitive* one in serving the *general* good. The evidence suggests that many employers and training providers tend to *react* to events, rather than taking a more *proactive* approach. This is indicative of a short-term outlook, rather than a *long-term* strategy. In the short-term such a reactive stance may appear sensible/justifiable: at a time of recession everyday survival takes precedence over investment for the long-term. However, reaction may mean "missed opportunities". Similarly, an emphasis on *specific* rather than *general* training fails to provide the flexibility that employers require. What would seem to be needed is a framework for training which will provide both training in general transferable skills, and customised courses to meet the *specific* skills needs of individual companies. At present, many different 'actors' (employers, colleges, TECs, etc.) play a *partial* role in the evolution of the training base. A *co-operative, pro-active, long-term* approach designed to meet the *general* requirements of the economy in the 1990s and beyond has to be *holistic* in scope – involving key actors from all organisations concerned with the current well-being and future prosperity of the economy.

## References

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