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# The Role of Employees in Training Decisions in Canada

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There is a widespread view that employee education and training are critical for maintaining competitiveness in an increasingly open and technologically-driven economy. A frequent criticism of Canada in that regard is that employers invest less in employee education and training than employers in a number of competing countries, such as Japan and Germany. A frequently drawn policy implication is that employers should be encouraged to increase their effort through the “stick” of payroll taxes or the “carrot” of training tax credits.

The purpose of this article is not to question the need to provide more employee education and training or to encourage employers to invest more in employee development. Rather, it is to show that the decisions of employees themselves have as much to do with employee education and training as do those of employers. Consequently, the promotion of training requires addressing all workplace partners, not just employers, but also employees themselves, as well as governments, unions and educational institutions.

The article is based on the results of the 1994 Adult Education and Training Survey (AETS). The 1994 AETS collected information on education and training activities during 1993, including programs leading to a diploma, certificate or degree and courses (such as in-classroom courses, workshops or seminars) not leading to a diploma, certificate or degree. A distinction is drawn between training activities that are sponsored by the employer — that is, that are either directly provided by the employer or supported through tuition fee reimbursement or time-off with pay, — and those taken by individuals on their own initiative. The survey makes no distinction between education and training, and

the use of the term “training” in this article refers to both types of activity.

The article makes three important points: 1) that there is a considerable amount of adult education and training activities taking place in Canada; 2) that non-employer-sponsored training activities are at least as important as those sponsored by employers; and 3) that employee motivation is a critical factor.

With respect to the amount of training activity taking place in Canada, if we look at full-time employees with at least one year’s tenure with their current employer, we find that in 1993, 4.5 per cent were registered in a program leading to a degree that was sponsored by their employer while 4.2 per cent were registered in a program on their own; 29.0 per cent received education or training courses sponsored by their employer and 6.2 per cent took courses on their own. In the majority of cases, these activities were primarily related to the employee’s current or future job. In addition to these work-related training activities, 8.9 per cent of employees took courses geared mainly to personal interests.

In all, 42.4 per cent of full-time employees with more than one year’s tenure with their current employer took part in education and training activities in 1993. The incidence is even higher among part-time employees, but this reflects the significant numbers of students working part-time. The incidence for periods longer than one year is even greater since many individuals do not receive education and training each year but on a more sporadic basis. Finally, these estimates do not take into account informal on-the-job training which, although difficult to measure, is an important component of employee training.

Non-employer-sponsored training activities are at least as important as employer-sponsored activities. In particular:

- In quantitative terms, the total number of hours of education and training that employees take on their own, mostly through college and university courses, is significant. For example, non-employer-sponsored training activities accounted for 45 per cent of total training activities for full-time employees with more than one year with the same employer, and for a significantly higher percentage of the total hours of education and training received by other employees.
- While employer-sponsored education and training are likely to relate more directly to the current skill needs of employees, non-employer-sponsored education and training are more likely to relate to their future career aspirations. The latter type of training is particularly important, given the increasing frequency with which individuals change careers.
- Employer-sponsored training activities leave out the self-employed and tend to be less accessible to part-time and term employees — a growing segment of the workforce.

Even in the case of employer-sponsored training, employee motivation is a critical factor and employees often exert a significant influence on how much training they actually receive from their employer. For example, our research shows that:

- In one third of cases, the employer-sponsored training activity was suggested by the employee.
- Employees who felt that they needed more training also had a higher incidence of employer-sponsored programs or courses than other employees (47 per cent versus 30 per cent).
- Employees who took programs or courses on their own also displayed a higher incidence of employer-sponsored training (41 per cent versus 30 per cent).

Employees influence the amount of education and training they receive from their employer in various ways. In some cases, employers may offer training in response to employee demands. In others, employees

with a strong interest in training may tend to take greater advantage of existing opportunities. And finally, employees may take courses on their own initiative and then receive employer support in the form of tuition fee reimbursement or time-off with pay.

## Literature Review

There is a consensus around the proposition that adult education and training are essential for competitiveness and the successful operation of labour markets. In one of its final reports, the Economic Council of Canada noted that “learning is, and must be, continuous.” The Council added that “the Canadian system lacks coherence and ... improvements can be achieved only with the substantially increased involvement — and commitment — of a wide community of stakeholders” (Economic Council of Canada, 1992:3).

One of the themes found in the literature on adult training is that Canadian employers invest less in training than their counterparts in other advanced industrialized countries. A widespread view is that “it seems plausible that Canadian industry may be underinvesting in human resource development” and that “international comparisons, with all their problems, support the position that Canadian industry does not invest in training as much as it is the case elsewhere” (Betcherman, 1992:32; *Employment and Immigration*, 1989). A particular concern is that small firms tend to train less than larger firms (Lynch and Black, 1995).

Similarly, various studies have shown that participation in employer-sponsored training is higher among employees in the 25 to 44 age group, with longer job tenure, with higher education and in higher skilled (and better-paying) occupations (De Broucker, 1995; Kapsalis, 1993; Hum and Simpson, 1993; Jennings, 1996).

The conventional wisdom that employers bear full responsibility for training is increasingly being questioned. One of the views that is being challenged in this article is that training decisions are made only by employers and that the outcome is preferential access by employees with higher education and more-skilled and better-paying jobs.

For example, Paquet (1983:ii) argues that “in general ... training is the employer’s prerogative and that employees and their organizations have a relatively minor influence over the entire process.” A direct corollary is that “establishment training is a direct function of the firm’s immediate needs, namely adapting the worker to his job” and that “it is less obvious that establishment training can adequately meet the skill development needs of the workers relative to improving their competence, hedging against layoffs and plant closures, improving their chance of promotion within the organization and obtaining more steady, more satisfying and better paying jobs.”

More recently, Betcherman (1996:14) observed that “undoubtedly, an important explanation for the differences in the incidence of job-related training ... hinges on employer decisions about who to train.”

However, there is also recent evidence that this view may not be entirely accurate. For example, a recent study based on the AETS data observed that “although employers were the principal initiators of course training for all over-35-hour trainees regardless of occupation, they played a much smaller role in prompting white-collar workers to take training” (Crompton, 1994:11).

Similarly, a recent study of job-related training found “a high level of on-the-job training being acquired by younger workers, particularly by those who had also acquired more formal education” (Lowe and Krahn, 1995:374). The same study also raises an equity issue and suggests that “given that younger workers are benefiting from these present arrangements, future research could usefully identify the factors most likely to increase the educational and training activity among middle-aged and older workers, as well as among workers with low educational attainment” (Lowe and Krahn, 1995:375).

## Adult Education and Training Survey

To address the question of how much adult education and training takes place in Canada and to understand the role that employees play in the initiation of workplace training, we

analyzed Statistics Canada’s recently released 1994 Adult Education and Training Survey (AETS), which collected information on the education and training activities of adult Canadians in 1993. The survey, conducted as a supplement to the January 1994 Labour Force Survey, was funded by Human Resources Development Canada (HRDC). It involved a representative sample of 41,645 Canadians aged 17 and over, and thus provides the most comprehensive account to date of the education and training activities of adult Canadians, both employer- and non-employer-sponsored.

The AETS organizes education and training activities into programs and courses:<sup>2</sup>

- Programs refer to education and training leading to an elementary or high school diploma, an apprenticeship certificate, a trade/vocational diploma or certificate, a college diploma or a university degree.
- Courses refer to education and training not leading to a degree, diploma or certificate. Courses can be given in the form of in-classroom courses, workshops, seminars or tutorials.

Programs and courses are classified into employer-sponsored and non-employer-sponsored education and training. Employer-sponsored training may involve the direct provision of training, the payment or reimbursement of tuition fees or other costs (course materials, transportation, etc.), or the provision of time-off or educational leave.

The AETS provides detailed information on each education and training activity, including the subject area, the type of support provided by the employer and the source of funding, where and how the activity was taken, and the duration of the activity in 1993. Other details include the characteristics of trainees and non-trainees, such as gender, age, education level, employment status, industry, occupation, job tenure, union membership status and size of firm.

The sample employed here included individuals aged 20 to 64. For part of the analysis the sample was further restricted to full-time employees who had been with their current employer for at least one year so as to exclude most full-time students and individuals with a marginal attachment to the labour force and

**Table 1 Incidence of Education and Training, by Labour Force Status, 1993**

	Employer-sponsored training (per cent)	Non-employer-sponsored training (per cent)	Either type of training (per cent)	Distribution of adults by labour force status	
				Thousands	Per cent
Full-time tenure > 1 year	32.1	17.5	42.4	7,376	44.2
Full-time tenure ≤ 1 year	14.5	31.5	42.4	1,355	8.1
Part-time employee	13.5	37.7	47.4	1,445	8.7
Currently self-employed	12.1	18.7	27.9	1,208	7.2
Currently unemployed	5.0	25.4	29.2	1,523	9.1
Currently not in labour force	1.5	25.3	26.3	3,765	22.6
All adults aged 20 to 64	18.2	23.0	36.9	16,672	100.0

**Table 2 Incidence of Various Types of Education and Training, by Labour Force Status, 1993**

	Employer-sponsored (per cent)		Non-employer-sponsored (per cent)		Other courses <sup>1</sup> (per cent)	Any training (per cent)
	Programs	Courses	Programs	Courses		
Full-time tenure > 1 year	4.5	29.0	4.2	6.2	8.9	42.4
Full-time tenure ≤ 1 year	3.3	12.0	19.6	10.2	9.0	42.4
Part-time employee	2.9	11.4	23.4	11.3	10.9	47.4
Currently self-employed	1.4	10.8	4.4	8.2	8.3	27.9
Currently unemployed	1.0	4.1	15.3	8.8	5.1	29.2
Currently not in labour force	0.3	1.2	15.9	6.8	6.7	26.3
All adults aged 20 to 64	2.8	16.3	10.7	7.5	8.2	36.9

1. Other courses are mostly general-interest courses taken by individuals on their own.

to ensure that the individuals selected had an opportunity to be trained by their current employer throughout 1993.

## The Overall Picture

### Training incidence

In 1993, 36.9 per cent of adult Canadians aged 20 to 64 took part in some form of education or training activity (Table 1). The incidence of such activity was significantly greater among people who were employed than in the rest of the adult population. In particular, 42.4 per cent of full-time employees and 47.4 per cent of part-time employees received employer-sponsored or non-employer-sponsored education and training in 1993.

While the incidence of all training was about the same between full- and part-time employees, there were significant differences in the relative importance of employer- and non-employer-sponsored training:

Among longer-term full-time employees (i.e. full-time employees who had been with their current employer for more than a year) the incidence of employer-sponsored training was almost twice as high as that of non-employer-sponsored training (32.1 per cent versus 17.5 per cent).

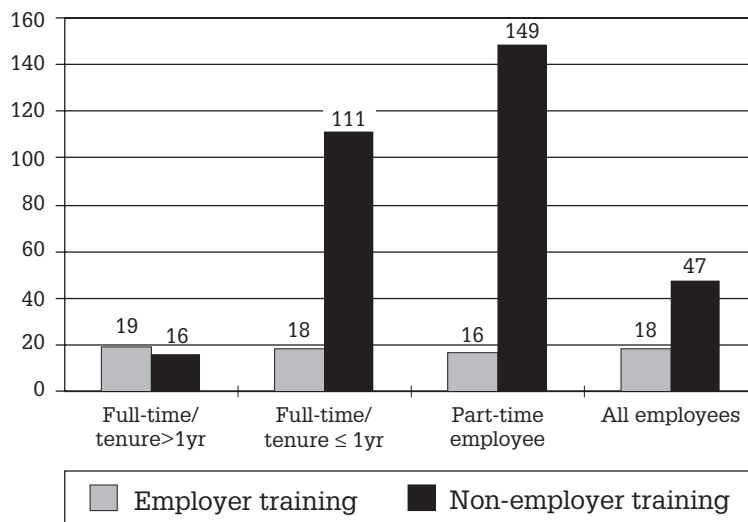
Among short-term full-time employees and part-time employees, regardless of tenure, the incidence of non-employer-sponsored training was more than twice as high as that of employer-sponsored training. This was due, in part, to the fact that many part-time employees are students.

### Training duration

Most employer-sponsored training is in the form of individual courses, while most non-employer-sponsored education and training involve programs (Table 2). In general, programs are more time-intensive than courses. Both employer-sponsored programs and courses are less time-intensive than non-employer-sponsored programs and courses (Table 3).

Chart 1 shows the average number of hours of training per employee, which is equal to the product of the incidence of training, times the duration of training. The average number of hours of employer- and non-employer-spon-

**Chart 1 Average Hours of Training per Employee, 1993**



sored training was similar for full-time employees with one year's job tenure or more (19 hours versus 16 hours). However, among short-term and part-time employees, the average number of hours of non-employer-sponsored training was considerably higher than that of employer-sponsored training. Again, part of the reason for this is that many part-time employees are still students. Overall, all employees together received 2.6 times more hours of non-employer training than employer-sponsored training in 1993.

## The Adequacy of Employer-Sponsored Training

The AETS indicates that there is high employee demand for education and training. More than one third of all labour force participants reported that they needed more job-related training or that they wanted more training for any reason (Table 4).

Among long-term full-time employees, many reported that they needed and/or wanted more training (Table 5). In particular,

- 14.2 per cent felt they needed more education and training for job-related or career reasons, while 30.1 per cent wanted to receive more training; in total, 36.3 per cent reported that they needed or wanted more education and training in 1993;

**Table 3 Average Annual Number of Hours of Education and Training, by Labour Force Status, 1993**

	Employer-sponsored		Non-employer-sponsored		Other courses <sup>1</sup>	Any training
	Programs	Courses	Programs	Courses		
Full-time tenure > 1 year	168	39	226	43	41	85
Full-time tenure ≤ 1 year	376	45	503	79	48	310
Part-time employee	449	28	578	79	43	349
Currently self-employed	254	45	326	68	38	117
Currently unemployed	317	36	457	95	48	301
Currently not in labour force	380	42	620	89	41	420
All adults aged 20 to 64	226	39	497	69	42	206

1. Other courses are mostly general-interest courses taken by individuals on their own.

**Table 4 Proportion of Adults Needing or Wanting More Training, by Labour Force Status, 1993**

	Needed more training for job/career (per cent)	Wanted more training for any reason (per cent)	Needed or wanted more training for any reason (per cent)
Full-time tenure > 1 year	14.2	30.1	36.3
Full-time tenure ≤ 1 year	12.6	32.2	37.7
Part-time employee	9.5	30.3	34.7
Currently self-employed	10.6	27.3	32.1
Currently unemployed	7.6	33.6	37.6
Currently not in labour force	1.9	23.9	24.8
All adults aged 20 to 64	10.0	29.0	33.5

**Table 5 Proportion of Long-Term, Full-Time Employees Needing or Wanting More Training, by Perceived Level of Adequacy of Employer-Sponsored Training**

Employer-provided training	Distribution of employees (per cent)	Needed more training for job/career (per cent)	Wanted more training for any reason (per cent)	Needed or wanted more training for any reason (per cent)
Very adequate	24.8	12.6	26.6	33.0
Adequate	33.7	12.4	27.5	33.2
Somewhat adequate	9.1	26.5	43.1	52.8
Inadequate	4.2	47.1	53.4	70.2
None offered	28.2	9.0	28.6	32.6
All employees	100.0	14.2	30.1	36.3

- 13.3 per cent felt that employer-sponsored training was inadequate or somewhat adequate; and
- 28.2 per cent reported that their employer provided no education or training opportunities.

As expected, the expressed need for more education and training is negatively correlated with the level of adequacy of employer-sponsored training. This relationship, however, breaks down when employers did not provide any training to their employees. In the latter case, the proportion of employees who needed or wanted more training, although still high, was lower than for those with inadequate employer-sponsored training (32.6 per cent versus 70.2 per cent). A possible interpretation of the breakdown in the correlation is that the mere presence of employer-sponsored training has a positive awareness effect on employees' perceptions of the need for education and training.

However, the reasons why employees did not receive as much training as they felt they needed or wanted go beyond the mere inadequacy of employer-sponsored training. Being too busy at work was by far the reason most frequently cited by employees for not taking training that they needed (54.8 per cent) or wanted (69.9 per cent). Other significant reasons were: training was too expensive or the employee had no money; the time or location of training were inconvenient; there was a

lack of employer support; and the programs desired were not being offered (Table 6).

## Motivating Factors

Differences in the incidence of employer-sponsored training are often discussed in the context of equitable access to training. The general interpretation of such differences is that some employer groups (e.g. certain industries or small firms) do not provide enough training.

However, the AETS results suggest that employee demand for training has a significant effect on the incidence of employer-sponsored training opportunities. The policy implication of this finding is important. It indicates that the promotion of employer-sponsored training requires a balanced focus on both employers and employees.

The analysis in this section focuses exclusively on full-time employees who had been with their current employer for at least one year, so as to exclude most full-time students and individuals with a marginal attachment to the labour force, and to ensure that the individuals selected had an opportunity to be trained by their current employer throughout 1993.

There are several indications of the importance of employee motivation in the training decision:



**Table 6 Reasons Why Long-Term, Full-Time Employees Did not Take Training that They Needed for Work or Wanted for Any Reason**

	Reason the employee did not take training that was:	
	Needed for job-related reasons (per cent)	Wanted for any reason (per cent)
Program not offered	27	10
Inconvenient time or location	29	29
Lack of sufficient qualifications	3	2
Lack of employer support	27	na
Too expensive/no money	30	31
Too busy at work	55	na
Too busy	na	70
Lack of child care	2	6
Other family responsibilities	10	16
Language considerations	1	0
Health reasons	3	3

### **The training suggestion**

One indicator of the importance of employee demand for training is that, although it is more common for the employer to suggest employer-sponsored training, in one quarter of the cases it is the employee who suggests the training.

### **The perception of the need or desire for more training**

Particularly revealing is the fact that the incidence of employer-sponsored training is higher among employees who reported that they needed more training for career- or job-related reasons than among those who did not (47 per cent versus 30 per cent; see Chart 2). A similar relation is found with respect to employees wanting more training for any reason.

### **Training initiatives**

One of the most interesting findings is that those who took part in employer-sponsored training also tended to have taken the initiative with respect to non-employer-sponsored training. The positive correlation between the two types of training is an indication that the common underlying factor is the desire of em-

ployees to receive training. Chart 2 shows that the incidence of employer-sponsored training is higher among employees who received training on their own than among those who did not (41 per cent versus 30 per cent). Overall, the incidence of employer-sponsored training among employees with at least one indication of demand for training was 41 per cent, whereas it was only 25 per cent among those who did not express any need or desire for training.

These employee demand indicators were combined into a single variable and their combined effect on employee training was estimated through a regression equation that took into account differences in employee and employer characteristics.<sup>3</sup> The regression results showed that employee demand for training increases the probability of receiving employer-sponsored training by 10.9 percentage points — a 34 per cent increase if it is expressed as a proportion of the average incidence of employer-sponsored training, which was 32.1 per cent. This confirms the hypothesis that employee desire to receive training has a strong bearing on the probability of receiving employer-sponsored training.

## Conclusion

The evidence presented here indicates that differences in the incidence of employer-sponsored education and training among employees reflects a much more complex phenomenon than mere differences in the ability or willingness of employers to train their employees. In particular, there is evidence that in many cases employers play a facilitating role while employees themselves are the driving force.

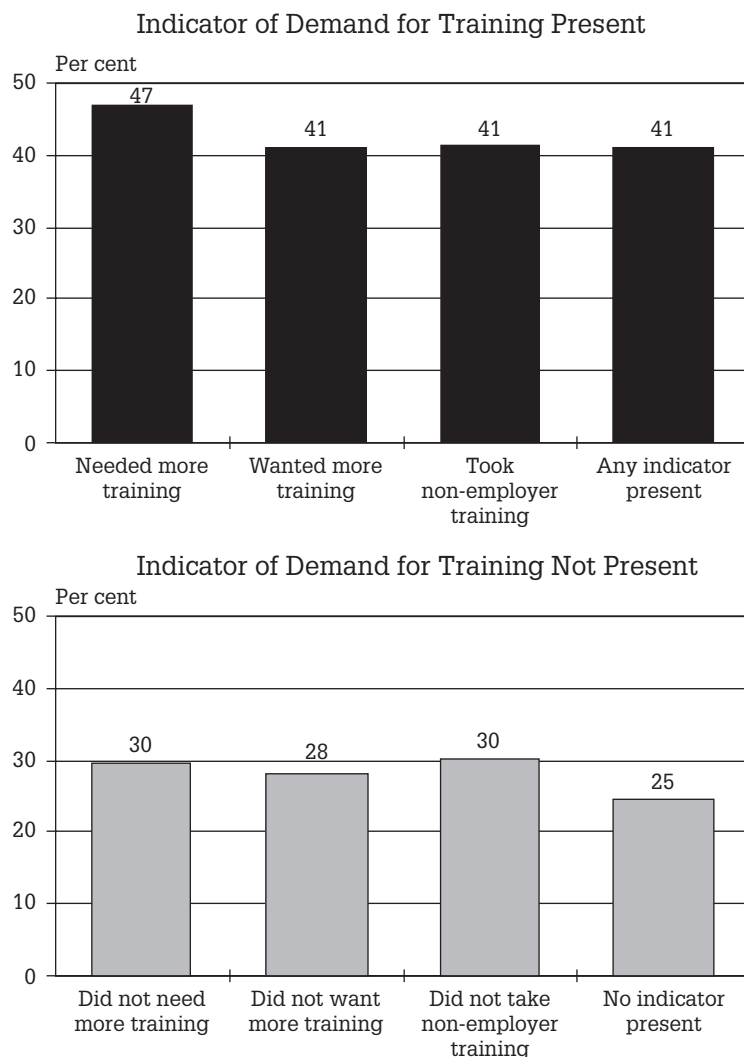
This has significant policy implications. Traditionally, employer-sponsored training has been promoted from the employer side — either through the “carrot” of grants or tax credits or through the “stick” of payroll taxes. There is now emerging evidence that employee training can be effectively promoted through programs aimed directly at employees. This means that even when we talk about workplace training, much more attention needs to be paid directly to employees — e.g. in terms of promotion campaigns or financial incentives.

The growing size of non-standard employment (e.g. short-term employment, part-time employment and self-employment) suggests that reliance on non-employer-sponsored training is likely to grow. Since typically non-employer-sponsored training takes place in publicly funded institutions, this also suggest that it is important to maintain the accessibility of postsecondary institutions for adult learners.

Employee motivation to train can be a key factor in the incidence of employer training. Employees can play an important role in the provision of training opportunities by informing employers that there is a need for such opportunities. And of course, employees are more likely to know their strengths and weaknesses in the job and to be able to assess their own needs.

However, there is an equal need for maintaining the accessibility of non-employer-sponsored training and education for the entire workforce and for promoting training directly through employees. This could be achieved, for example, by promoting training through government agencies, unions and business associations; and by providing direct financial incentives to individuals.

**Chart 2 Incidence of Employer Training by Indicators of Demand for Training among Full-time, Longer-term Employees, 1993**



Source: Adult Education and Training Survey, Statistics Canada.

Ultimately, the best guarantee of a successful adult education and training system is a postsecondary education system that is sensitive to the needs of the workplace and is widely accessible for all individuals. Strengthening the links between postsecondary institutions and industry is by far the best strategy for promoting adult education and training. For employers, this means wider access to resources more closely related to their practical needs. For postsecondary institutions, it means access to more private sector funding in the face of declining public funding. For employees, it means a more successful integration of employment and life-long learning.

## Notes

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1. The lower incidence of training among employees of smaller firms is offset by the fact that the hours of training per trainee in small firms is higher, indicating a "lumpiness" in training activities among small firms (Kapsalis, 1993).
  2. The AETS captures only structured (formal) training in the form of programs and courses, and does not take on-the-job (informal) training into account.
  3. See Kapsalis (1996). The employee-training-demand variable is a dummy variable with a value of 1 if any of the demand indicators are present, and of 0 otherwise.

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