



LESSONS IN LEARNING

Understanding the need for
targeted workplace learning
strategies

February 17, 2006

Using recent labour force data and related studies, this Lessons in Learning explains what recent surveys tell us about the state of workplace learning in Canada—who's getting training and who isn't—and highlights areas where workplace training needs to be improved.

What do we know about workplace learning in Canada?

The number of Canadian workers involved in job-related training is increasing. In 2002, 35% of workers between the ages of 25 and 64 participated in some type of formal, job-related training, according to the Adult Education and Training Survey (AETS, Statistics Canada cat. no. 81-595-MIE2004015, 2004)¹. This is an increase of more than six percentage points since 1997.

Despite this overall increase, Canada still ranks in the middle of OECD countries, lagging behind Scandinavian countries, the U.S. and the U.K. (Education at a Glance, Organisation for Economic Co-operation and Development (OECD)², 2005)². Furthermore, employer-supported, job-related training fell from 79% to 72% of all workplace learning, meaning that more employees are making independent investments in their career development. (Statistics Canada cat. no. 81-595-MIE2004015, 2004)¹

Within Canada, the differences among provinces in workplace learning participation rates narrowed considerably between 1997 and 2002. In 1997, 15 percentage points separated Nova Scotia, the province with the highest participation rate (35%), from Quebec, the province with the lowest participation rate (20%). By 2002, that spread had dropped to nine percentage points, with British Columbia at the high end (39%) and Newfoundland and Labrador at the low end (30%). The largest increase in participation rates came in Quebec, possibly as a result of the 1995 Act to Foster the Development of Manpower Training, which requires employers with annual payrolls over \$250,000 (this amount was raised to over \$1 million in January 2004) to invest 1% of salary expenditures in training.

Who receives training?

While the above data indicate an overall improvement in workplace learning, a closer look reveals three specific areas where workplace training needs to improve. The AETS data suggest that there are significant differences in workplace training participation rates by level of education, age and size of firm.

The most educated receive the most training

University-educated workers engage in considerably more formal job-related training than do workers with no more than a high-school education, a gap that appears to be growing. Participation rates increased by nine percentage points between 1997 and 2002 for the most highly educated workers, while increasing by only two percentage points for the least educated workers.

The gap between those with a university degree and those with high school, or less, also widened for employer-supported training. Even in Quebec, where the largest increase in workplace training occurred, the higher participation rates

Workplace Learning: Terms Defined

Formal, job-related training refers to courses or programs related to a worker's current or future job. These courses and programs have a structured plan whereby a student, led by a teacher or trainer, follows a planned program and receives some form of formal recognition upon completion, such as a certificate, diploma or degree.

A **program** is a series of courses leading toward a degree, diploma or certificate. Formal programs include high-school completion programs, registered apprenticeship, trade and vocational programs, college, CEGEP and university programs. In 2002, nearly one in four of those who participated in formal, job-related training took a program.

Courses include seminars, workshops and conferences attended for training purposes, as well as courses taken for reasons other than credit in a program. For purposes of international comparison, the OECD uses the term non-formal training, which is equivalent in Canada to participation in courses. In 2002, 85% of those who participated in formal, job-related training took courses. (Some employees took both a program and a course.)

Classroom training can be either a program or a course and includes:

- All training activities that have a predetermined format, including a pre-defined objective;
- Specific content;

Progress may be monitored and/or evaluated.

Informal training or self-directed learning refers to activities such as: seeking advice from someone knowledgeable; using the internet or other software; observing someone performing a task; consulting books or manuals; or teaching yourself different ways of doing certain tasks. In 2002, one in three working adults participated in informal training. Patterns of participation are similar to those for formal job-related training. As well, 82% of those who participated in formal job-related training also participated in informal training. (Statistics Canada cat. no. 81-595-MIE2004015, 2004)¹ See Figure 1

were restricted to workers who were already well-educated; the rate for those with no more than a high-school education remained stagnant.

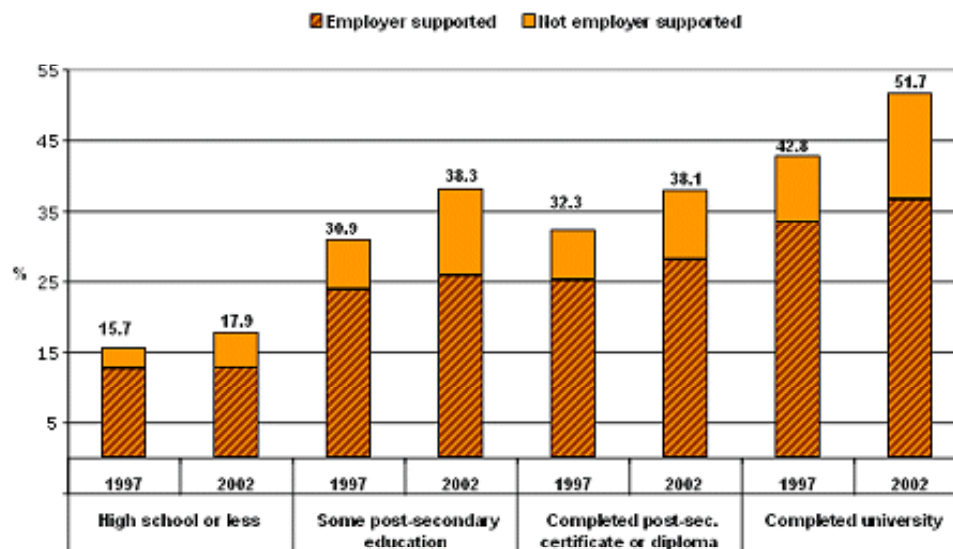
Less-educated individuals are five times less likely than their more educated counterparts to participate in job-related adult learning. However, when they do participate, they are almost twice as likely to report that learning helped them achieve a positive labour-market outcome, such as increasing their income, obtaining a promotion or changing jobs (Myers and Myles, forthcoming; Tamkin, Institute for Employment Studies, 2005)^{3,10}. Noting that 40% of those without a

high-school diploma were under-qualified for their jobs, an analysis of the 2004 Workplace and Lifelong Learning (WALL) survey indicates that the best use of training resources, from the perspective of payoff for the employee, is to target those with the least education.

The Myers and Myles study also found that among the least educated, those who participated in training were those who had the most resources—meaning they were more likely to be managers and to have higher incomes. Taken together, these findings suggest that there is a pool of individuals who missed out on obtaining post-secondary education in their youth, but who have benefitted from ‘second-chance’ education as an adult. These findings are also consistent with the suggestions that there is a non-trivial proportion of high-potential individuals who, for a variety of reasons, did not pursue post-secondary education. For these individuals, pursuing education and training later in life has significant payoff.

Although the participation rate increased in all age groups from 1997 to 2002, younger workers continued to be the most likely to receive training, with rates ranging from 42% for those aged 25–34 to 23% for those aged 55–64.

Figure 1:
Participation in job-related training by level of education and employer support, adult work force, Canada, 1997 and 2002



Source: Adult Education and Training Survey, Statistics Canada, 1997 and 2002

Participation declines with age

Figure 2:

Participation rates by age and employer support, adult work force, Canada, 1997 and 2002



Source: Adult Education and Training Survey, Statistics Canada, 1997 and 2002

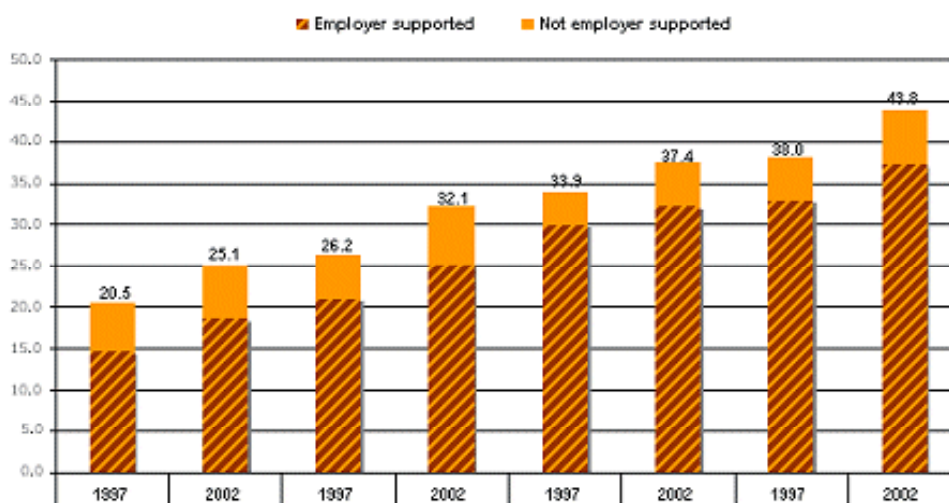
Despite relatively low participation rates among older workers, participation did increase substantially between 1997 and 2002, mainly because the number of older workers rose substantially. As a result, the number of older workers participating in formal job-related training more than doubled. No other age group saw such a dramatic increase. Among these older workers, training paid for by individuals (rather than their employers) accounted for the largest portion of this increase.

Although older Canadians take fewer courses in the workplace than their younger colleagues, older Canadians continue their learning in other ways. "Those over 65 indicate that they still spend almost the national average of about 12 hours per week in various informal learning activities," writes David Livingstone, a lead researcher for WALL and head of the Centre for the Study of Education and Work at the Ontario Institute for Studies in Education. Pointing out that nearly 40% of the 12-hour weekly average of informal learning was related to work, Livingstone, in his paper *The Learning Society: Past, Present and Future Views*, suggests the "notion that older people do not continue to be active learners should be discarded."

That people approaching retirement age continue to engage actively in learning and yet are less likely to receive workplace-funded training may illustrate that employers do not see a need to continue training their older workers. This approach could prove short-sighted, however, as employers will need to retain older workers to cope with low labour-force growth in the younger age groups.

Workers in larger firms engage in more formal job-related training

Figure 3:
Participation rates by firm size and by employer support, adult work force, Canada, 1997 and 2002



Source: Adult Education and Training Survey, Statistics Canada, 1997 and 2002

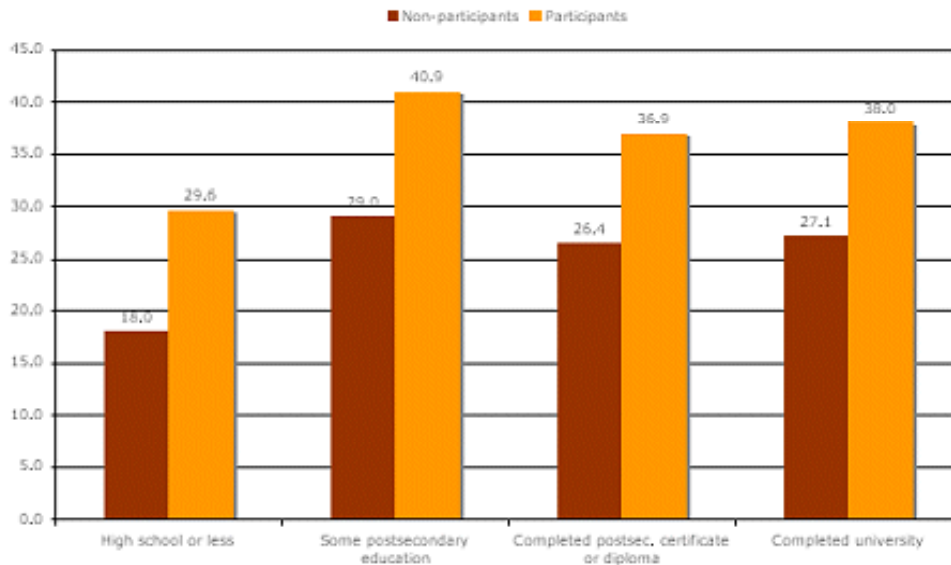
A key factor affecting the level of employer investment in training is the size of the firm. It is often difficult for small and medium-sized enterprises to support classroom training because of the costs and the disruption to workflow caused by the absence of an employee. Thus, it is not surprising that the larger the firm, the higher the participation rate in formal training. Still, between 1997 and 2002 the rate increased for firms of all sizes.

Data from the Workplace and Employee Survey (WES) show that, in 1999, nearly all large and medium-sized private sector firms provided some form of training, compared to just over half of small firms (Labour Statistics Division, Statistics Canada, special tabulation). Of those small firms that did provide training, four out of five provided on-the-job training while just over half provided classroom training (Some provide both).

Smaller enterprises tend to make up for a lack of classroom training by offering more informal training. A survey conducted in 2002 by the Canadian Federation of Independent Business (CFIB) suggests that 93% of small to medium-sized enterprises (SMEs) engage in some form of training, whether informal (49%), classroom (5%) or both (39%). Tutoring by a staff member or a trainer was the most common type of training done by SMEs.

Over one in four workers reported having unmet training needs or wants

Figure 4:
Unmet training needs/wants, Canada 2002



Source: Adult Education and Training Survey, Statistics Canada, 1997 and 2002

In results from the 2002 AETS, 28% of workers indicated that they did not receive the training they needed or wanted. Interestingly, those who had already received some training were more likely to report an unmet training need (36%) than those who had not received any work-related training at all (23%).

Among those who had not received training, the least-educated were also the least likely to report unmet training needs or wants (18%). This might reflect the nature of their jobs, but could also be due to a lack of understanding about the benefits of training.

The top four reasons for not taking needed or wanted training were the same for all workers, whether or not they participated in training: the training was too costly; the individual was too busy at work to take the opportunity to train; and/or the training conflicted with the work schedule or family responsibilities of the employee.

Overall, the good news is that Canadian workers and firms have improved their levels of work-related training. The bad news is that critical gaps remain: people with low levels of education receive little training; older workers have low formal training rates; employees in smaller firms have less access to formal training; and many workers who want training are not receiving it.

So what?

Should Canadians be concerned about these training gaps? Evidence from the U.K. shows that workplace training yields important performance and productivity benefits. Employers benefit through increased labour productivity, while workers benefit through higher earnings, improved promotability and decreased likelihood of being unemployed (Tamkin, Institute for Employment Studies 2005)³.

Recent research also links improved literacy to an increase in gross domestic product (GDP). According to a study by Coulombe, Tremblay and Marchand (2004), a 1% increase in average literacy and numeracy skills could eventually lead to a 1.5% permanent increase in GDP per capita—three times the return associated with investments in physical capital. This implies that there are good reasons for governments and employers to take action in this area.

Research also shows that Canadian employers requiring stronger technological skills are more likely to provide training for their employees (Chowhan, Statistics Canada 2005). Such workplaces are over three times more likely to train than workplaces with the lowest range of technology skills. This broadens the conclusions of the U.K. research to thinking of workplace training as not just an HR practice, but as a business strategy that goes hand-in-hand with innovation. Thus, firms that need to innovate in order to remain competitive use workplace training as part of their business strategies. As well, training is one of a range of human resource policies and practices carried out by high-performance organizations.

Finally, recent studies have shown that immigration rates alone will not be sufficient to provide the labour force needed to maintain Canada's economic growth. We must look at either the existing labour pool or the existing population base to identify other sources. Older workers represent an important opportunity for Canadian employers. As the fastest growing segment of the Canadian workforce, older workers could help meet the impending labour shortage that is forecast. In this context, improving training opportunities for older workers makes sense.

Now what?

The most educated workers in Canada receive the most training, but that less educated workers are twice as likely to report that any training they received helped them achieve positive results. Participation in training declines with age, and older workers are more likely to be paying for their own training. Workers in larger firms engage in more formal job-related training than those working in smaller firms. Let's take a look at each of these training problem areas in a bit more detail.

Training workers with lower levels of education: The issue of training workers with low levels of education is challenging because employers may have little incentive to provide general training (the job might not require it) or because workers with low levels of education may not be as motivated to learn.

Given that workers with lower levels of education are more likely to benefit from training, and that gains in literacy have a positive impact on the economy, it is important to demonstrate the benefits of additional education to those individuals who missed post-secondary education earlier in life. Reducing cost barriers to such training should be explored as ways to close the gap in participation. Aside from general improvements to the overall economy, there isn't any current data to show that job-funded training at this level will directly benefit individual enterprises.

Training older workers: Sustaining economic growth requires access to human capital beyond that which will be available based solely on current immigration and birth rates. Statistics Canada has found that one-third of recent retirees "would have been willing to remain in the work force, at least on a part-time basis," if their pensions weren't affected by the decision (Schellenberg, *The Daily*, Statistics Canada, Oct. 26, 2004).

In order to retain older workers, the Canadian Association of Retired Persons is calling for businesses to offer incentives such as part-time work arrangements, more training for older workers so they can upgrade current skills or acquire new ones, phased-in retirement, and the option for retirees to be called back to work full- or part-time. Some companies have embarked on phased-in retirement programs and made consequent adjustments to their pensions, but they are certainly not the norm. Training older workers is just one part of the puzzle to encourage them to remain in the workforce.

Training in small firms: The major issue for small-firm participation in formal training is not a lack of interest, but rather a lack of resources. Recognizing this as a major impediment to economic growth and productivity, industry sector employers, through sector councils, have developed training programs to address this lack of resources.

Examples of Sector Council Training for Smaller Enterprises

Canadian Automotive Repair and Service (CARS)

The CARS Interactive Distance Learning Program (IDL) uses subscription-based, televised, satellite broadcasting to provide training and certification in maintaining and repairing automotive parts and systems. The training is designed for technicians who are already licensed and working. Over 175 IDL courses are offered in English and nearly 150 in French. This delivery mechanism allows employees to keep up to date with a minimal loss of productive time. During busy periods the broadcast can be taped and viewed outside of working hours.

Forum on International Trade Training (FITT)

The purpose of FITT is to increase competency in international trade. The FITT skills program consists of eight modules that can be taken individually or as part of a program, leading to accreditation as a Certified International Trade Professional (CITP). The program has flexible delivery options ranging from courses offered online to courses given by delivery partners (educational institutions who teach the curriculum and administer the national certification exams), to courses at accredited partners whose courses have been recognized through FITT's Prior Learning and Assessment Recognition (PLAR) process. The program is available to professionals already working in the field and to post-secondary students. In addition, FITT and its training partners will work with businesses and organizations to tailor the program to their specific needs. Employers see the program as being cost-effective and say "work ready ... graduates are able to provide quality work in less time."

The Conference Board of Canada has studied the effect of a number of sector council initiatives to make training more accessible to small firms. In the sidebar you'll find examples of two such programs—one from the Canadian Automotive Repair and Service (CARS) and another from the Forum on International Trade Training (FITT).

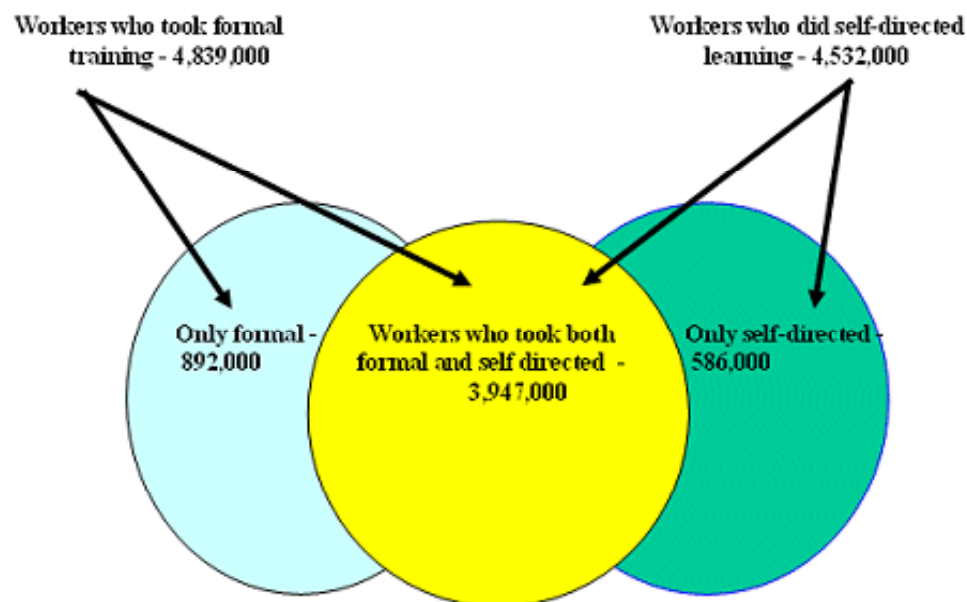
The benefits of such initiatives are clear, concludes a Conference Board case study on the CARS program. "If it is used properly, and if the management of [an automotive repair] shop commits to it and to a culture that supports lifelong learning and human capital development, the Interactive Distance Learning program will continue to have a positive impact on an organization's bottom line."

Conclusion

There has been more recognition of the value of workplace learning in recent years, but issues regarding inequality of access need to be addressed. To help employers retain older workers and to cope with looming skills shortages, these older workers must have an opportunity to participate in workplace training. However, this is part of a larger project to find ways of encouraging older workers to remain in the workforce.

Ways must also be found to sell low-skill workers on the benefits of lifelong learning—including the reduction of cost barriers they face. While this is good for the overall economy and the individual, the benefit remains ambiguous for enterprises that employ workers with lower education levels.

Figure 5:
Combining formal and informal job-related training, 2002



Source: Adult Education and Training Survey, Statistics Canada, 1997 and 2002

Acknowledging that some SMEs do encourage formal training, the sector council initiatives illustrate that there are innovative ways to increase the amount of formal training smaller enterprises can feasibly offer. Such training must be expanded and adapted to make it accessible to small firms in a variety of sectors.

These measures will all help increase the benefits of workplace training—better employee retention, more innovation and improved productivity—throughout Canada’s labour force.

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