

## PLAIN LANGUAGE SUMMARIES

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### EMPLOYEE TRAINING: AN INTERNATIONAL PERSPECTIVE

SUMMARY BY T. SCOTT MURRAY

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#### What is this study about?

The 1994 International Adult Literacy Survey (IALS) not only assessed adult literacy skills in seven countries but it also collected comparable information on training making it possible to address important training questions across different countries. Up to that time research and analysis had been hampered by a lack of comparable data.

This study uses the IALS results to look at employee training in Canada, the United States, Switzerland, the Netherlands, Poland, Germany and Sweden. The study's objective is not only to see how well Canada is doing relative to the other countries in the Survey but also to find out what lessons can be learned from the combined experiences of these different countries.

IALS defined training as "training or education including courses, private lessons, correspondence courses, workshops, on-the-job training, apprenticeship training, arts, recreation courses or any other training or education". Consequently the term *training* is used throughout this study to refer to the lifelong training activities of employees, past the initial stage of formal education.

In addition to an Executive Summary and an Introduction, the paper has seven chapters. The first, entitled "Background" provides a methodological background to the study; Chapter 2 defines different measures of training effort and compares them across countries; Chapter 3 looks at two components of employee training: employer-supported and non-employer-supported training; Chapter 4 compares the training effort of employees across different characteristics; Chapter 5 looks at the desire of employees for more training; Chapter 6 examines other aspects of training, such as the reasons for training; and Chapter 7 makes brief concluding remarks and suggests possibilities for future research.

### **What are the questions addressed by the study?**

The first motivation for the study was to see how Canada's level of training effort compared with that of other countries. There has been a widely shared impression in Canada that employers here invest less in employee training than employers in a number of competing countries, such as Japan and Germany so one of the central questions of this study, using the IALS database, is to examine that contention. Kapsalis notes that a favourable comparison in itself does not necessarily mean there are no issues of concern, saying that one would also need to consider, for example, the quality of training or accessibility to training by all employees. He notes however that measures of the level of training effort do provide an initial insight into the relative adequacy of a country's training effort.

The central premise of this monograph is based on the growing recognition that the development of skills is a lifelong process. Employees enter the labour force with an initial "stock" of human capital acquired primarily through their initial formal education. Over their working lives, employees maintain and upgrade their education stock through a "flow" of training, reinforced by practical experience. In the same way that physical capital needs continuous investment to replace what has been depreciated and meet new production requirements, employees also need continuous training investments to maintain and upgrade their human capital.

Prior to IALS Canada's training effort was difficult to benchmark accurately relative to its competitors. Despite the importance of international comparisons, little was actually known about the actual extent and nature of training in these countries. This was due partly to the complexity of the issues and partly to the limited availability of training statistics. IALS, Kapsalis contends, provides evidence to tackle these questions.

### **Why is this study important?**

This study is important because it explores some of the key dimensions of the training experience in Canada and compares it with those of the other countries included in the 1994 IALS. Training is increasingly recognized as the key to the ability of labour markets to increase productively and compete internationally. IALS observed that as firms and labour markets change due to globalization, the growth of knowledge-based activities and technological innovation, some existing jobs become obsolete and new ones are created. These new jobs require highly skilled literate workers so workers need to continuously acquire new skills and qualifications.

The Kapsalis paper is also helpful in linking literacy and other essential skills to a broader picture. It explains that the objective of training is to achieve and maintain a highly skilled work force. As this author notes, this requires more than easy access to training. It also necessitates an environment of high employment that keeps the skills of the labour force up-to-date by avoiding long periods of unemployment. It requires promotion of jobs in the "new" economy that are skill intensive and workplace arrangements that empower employees to make workplace decisions thereby challenging them to use existing skills and develop new ones. It finally requires a cultural environment that makes education and literacy a central element of the quality of life of a nation.

### **What does the study conclude?**

Canada's training effort relative to the rest of the IALS countries measured in terms of hours of training per employee was found to be in the middle of the pack. The average employee in Canada received 44 hours of training in 1994, similar to the hours of training per employee in Switzerland, the United States and Germany. However, Canada's training effort was considerably less than that of the Netherlands, for example, which recorded 74 hours per employee.

Kapsalis also found that measured in hours of training per employee Canada and the United States enjoyed a virtually equal level of effort. This comparison is important, obviously, because of Canada's extensive trade links with the U.S. Kapsalis also concluded that comparisons between Canada and the United States are more accurate than comparisons to other countries because of the similarity in training institutions in the two countries. By contrast, he found that comparing Canada to other countries allowed for only broad indicators rather than more precise measures.

Kapsalis concluded that Canada's balance between employer- and employee-supported training was also average. Compared to the United States, for example, Canadian employees usually receive somewhat more training on their own, whereas United States employees tended to receive somewhat more training through their employer.

The study showed that Canada had the highest rate of employees reporting that they wanted to take more career or job-related training. Although interpretations of this statistic differ, Kapsalis concluded that Canadian employees are relatively more supportive of further training than those in the other countries.

Kapsalis found similarity of the relationship between the incidence of training and employee characteristics across all seven countries. A related finding is that often those groups that had a higher incidence of employer-supported training also had a higher incidence of self-supported training. This suggests, Kapsalis concluded, that differences in employer training reflect, at least to some degree, differences in employee perceptions of their need for training.

However, this study also found evidence that women and employees in small firms faced barriers to employer-supported training. This phenomenon was evident in all seven countries. Employees in these two groups received relatively less employer training and were more likely to report that they wanted more career or job-related training. Kapsalis called for further study into these two issues as one of his recommendations.

Kapsalis concluded that Canada has strengths in the area of education and training on which to build an even stronger competitive advantage. He said that the fact that a high percentage of employees expressed the desire for more career or job-related training strengthens the case that Canada is fertile ground for further emphasis on training.

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#### **Publication information**

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Employee Training: An International Perspective

Published by Statistics Canada and Human Resources Development Canada: 1997

StatsCan Catalogue # 89-552, no. 5

ISBN 0-660-17288-7

51 pages

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Version 1