

Labour & Immigration
Research Centre

Te Pokapū a Mahi me Te Manene Rangahau

Defining and Measuring Training Activity in New Zealand Workplaces



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Ministry of Business,
Innovation & Employment



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Acknowledgement

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EXECUTIVE SUMMARY

Context

While there is a large body of evidence that highlights the association between skills and workplace productivity, robust information about employer-provided training and skill development is lacking in New Zealand and of variable quality in comparable jurisdictions.

Training and skill development are critical determinants of wage growth and ultimately contribute to increased firm productivity and economic growth. Researchers and policy-makers need to better understand the linkages, gaps and outcomes of training on skills and ultimately, productivity and economic growth. Having better information on training provided by employers is particularly important because the majority of the training and development undertaken by working adults is provided by employers (OECD 1999). Improved measurement of training activity in New Zealand workplaces is the fundamental starting point for developing more effective, targeted policies to help lift the skills and productivity of the workforce.

This report is the initial step in a wider programme of work by the Ministry of Business, Innovation & Employment attempting to address this lack of robust information. The programme aims to capture more comprehensive and reliable data on the nature and incidence of training and skills development occurring in New Zealand workplaces. Our report presents a framework to guide decisions on research into training and skill development. The framework suggests the initial focus should be on understanding what training is being provided within workplaces. Research to understand the drivers of training needs to be built on this foundation, followed by research to gain an understanding of training outcomes. We recommend that this framework be further developed and tested with key policy-makers and employer and industry associations.

Methodology

Our advice is based on two key inputs:

- A review of key literature (in New Zealand and comparable jurisdictions).
- In-depth interviews with:
 - eight employers, pretesting potential research questions and research methods with employers of different size and from diverse sectors
 - four stakeholder organisations, to provide context and background to the overall project.

Defining and measuring training – issues and challenges

Examining key international surveys that have investigated or continue to investigate workplace training illustrates the challenges inherent in this type of research. On the whole, existing statistics are not comparable due to a lack of continuity in data and inconsistency in categorisation and areas of focus. However, common features and lessons from existing research allow us to draw conclusions relating to conceptual and methodological issues.

Conceptual issues

- Of the various classifications in use, formal versus informal training is the key high-level distinction. This classification (with variations in actual definition) shapes most training research.
- External versus internal training is another useful distinction. This is commonly used and consistently understood.
- Other distinctions need to be driven by the information required to inform sophisticated policy analysis (such as sector differentiation or origin of funding). This is likely to evolve over time and differ between jurisdictions.
- It would be prudent to include questions on the drivers of training to further inform policy – there is a range of existing questions that can be drawn upon in this area.

Methodological issues

- Questions seeking to quantify training and detailed questions relating to cost have a negative impact on response rates, and answers are likely to be less accurate. Surveys that have asked particularly detailed questions (such as the EU CTVS3) have achieved poor response rates.
- This implies that trade-offs need to be made between the depth of information (high-quality information from a small number) versus breadth (information at a higher level from a greater number).
- Different types of information will be more successfully collected using different methods. New Zealand has a high proportion of SMEs where training is most commonly informal. Information relating to informal training is most successfully collected via qualitative methods.
- Terms used to classify training need to be clearly and simply defined and supported by examples, where possible, to improve the consistency of responses.

Employer interviews

Defining and measuring training

The employers we talked to were selected for their diversity. They were drawn from a range of industries and varied in size from seven to 275 employees. Despite the small sample size (eight), when asked how they defined and classified training, commonalities across responses point to three key conclusions:

- Employers used training related to their core business as their primary point of reference when asked about training. Other training activities were only mentioned when prompted – this included areas that, while important, were less visible because they were less regularly conducted or because fewer staff were involved.
- Describing training as external or internal was a useful, consistently understood classification for all employers we spoke with. Spontaneous language use involved a range of terms, but 'internal' was naturally used by many and understood by all. Other classifications were not consistently used across employers.
- Employers often described the majority of their training as being delivered or based internally.

Quantifying training and drivers for training

Despite defining and discussing training primarily in relation to internal training focused on core business, when asked to quantify training, most employers related costs and quantities for external training (until prompted otherwise):

- Questions on training automatically defaulted to formally recorded or easily identified training – in most cases, this was external training.
- Training records and budgets were only kept by some employers – information tended to be drawn from records kept for other purposes.

The implication is that, while it may be possible to accurately quantify external and formal training, capturing internal training will be difficult. In particular, it is highly unlikely that employers will be able to quantify informal internal training.

Training was ultimately motivated by a desire to improve business performance, but individual training activities were also driven by other reasons with more immediate and visible impacts. These included strong direction for the business, the need for technical skills, meeting legal requirements and the need for good systems and processes.

Conclusions

There is a clear need for on-going Ministry-led research into training and skill development within New Zealand workplaces to address continuity and consistency issues and inform quality policy development. Training research needs to be specifically adapted to the New Zealand context and flexible enough to obtain quality information from numerous, diverse small businesses. Better quality information on workplace training will inform on-going policy development, ultimately benefiting both employers and employees by supporting skill development to increase business performance, productivity and profitability.

The design of future research needs to be guided by the type and depth of information required:

- Large-scale quantitative surveys (such as BOS) are ideally suited for capturing what training employers typically provide (relating to their core business and for their most visible staff).
- Quantitative surveys adapted to particular sectors or with additional questions could be developed to collect information on a range of topics, including internal training, specific policy questions, quantification/costs of training and outcomes of training.
- Qualitative research is recommended for added depth in areas that are complex/difficult to capture, including internal training, costing of training, training outcomes and employee perspectives. Qualitative research is particularly suited to the New Zealand context where the majority of businesses are SMEs providing predominantly internal training.

We recommend that the Ministry's further exploratory research involve extensive, thorough cognitive testing of questions, definitions and classifications.

Furthermore, it should test a range of methods (both quantitative and qualitative) to collect different types and depths of information.

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1 INTRODUCTION

The Ministry of Business, Innovation & Employment (the Ministry) commissioned MartinJenkins to provide recommendations on the design of exploratory research about training and upskilling activities in New Zealand workplaces. This project is the first stage in a wider Ministry-led programme of work that will inform future research to capture more comprehensive and reliable data on the nature and incidence of training and skill development in New Zealand workplaces.

Understanding how employers define training and upskilling activity is an important input to designing robust research instruments, such as surveys or topic guides, that ensure questions regarding training are well understood by employers and accurately capture the incidence and nature of training provided by employers.

The objective of this report is to advise the Ministry on methods for rigorous testing of employer understandings and definitions of key training terms and concepts that are appropriate and feasible for use with New Zealand employers. Based on a review of literature (in New Zealand and comparable jurisdictions) as well as pretesting of potential research questions and research methods with employers, this report:

- provides a framework to guide the development of research questions and priority areas for use in on-going research on training, relevant to the New Zealand context
- makes recommendations for the design of exploratory research on employer training and upskilling activity in workplaces.

The scope of the report is limited to employer-provided and/or financed training and development activities¹ within private sector firms with paid employees. Out of scope are:

- individual employees' training or development that is not directly related to their current employment (such as training or qualifications gained previously) and training or qualifications funded and initiated by the employee unrelated to their current employment
- public sector employers (and the training or development they provide).

The remainder of the report is set out as follows:

- Our approach
- Context
- Defining and measuring training – issues and challenges
- Employer interviews: key findings
- Framework to guide future research on training
- Recommendations for the design of exploratory research.

¹ 'Provided or financed' is intended to be broad so as to capture all activities made available or facilitated by an employer, such as direct payment of tuition costs, normal salary payments during work-based training, travel expenses and other indirect costs associated with training.

2 OUR APPROACH

Our advice is based on two key inputs:

- A review of key literature.
- Interviews with employers and representative organisations.

2.1 Literature review

The scope of the literature review was limited to published material available online on research investigating training incidence, type, location and impact in workplaces within New Zealand, the United Kingdom, Australia, Canada and, to a lesser extent, the United States and the European Union, with a focus on larger national research initiatives.

The purpose of the literature review was to capture:

- the scope and domains of enquiry in research on training and upskilling activity in workplaces
- design issues related to nature and forms of training covered and delineations between them, definitions and questions on training used in research and methodologies used to measure training activity in firms, including identified limitations and benefits
- comparability issues between jurisdictions and lessons for New Zealand.

2.2 Employer testing and stakeholder interviews

The primary objective of the employer interviews was to pretest potential research questions and research methods. Interviews were designed to explore key concepts and terminology relating to training and to gain a better understanding of employers' definitions and use of terminology. The stakeholder interviews explored key policy issues and areas of interest in addition to discussing potential research questions and methods.

We conducted a total of 12 interviews:

- Four with stakeholders (one from the New Zealand Council of Trade Unions, one from Business New Zealand and two from Grow Wellington).
- Eight with employers.

Purposive sampling was used to select the employer interviews. The two key variables used were industry and size (large and small²). The selected industries were chosen as it was assumed they would have different training needs and expectations. The interviews included:

- two from the hospitality sector (one large, one small)
- one from the retail sector (large)
- two from the manufacturing sector (one large, one small)
- one professional services firm (small)
- two from the construction sector (one large, one small).

² Although small firms were originally intended to have less than 20 employees, the firms that were prepared to participate and were identified as small actually ranged in size from seven to 38 employees. Large firms had between 120 and 275 employees.

Interviewees were selected to cover a diverse range of perspectives, but the small sample size necessarily limited coverage. Specific employer/business characteristics not included in our interviews were particularly large organisations (including multi-site organisations such as hospitals and multi-nationals) and organisations/businesses that did not provide training.

The employers were identified by Grow Wellington, with additional employers identified by MartinJenkins to supplement the numbers. Each employer was provided with background information and asked to nominate the most senior person responsible for staff and staff issues, following the example of recent UK research (Winterbotham, Shury, Davies, Gore and Newton 2011).

Interviews were semi-structured and conducted face to face. The majority involved one representative from each business, but two interviews were paired, with two representatives from the business (small hospitality and small construction) participating.

The interviews were based on topic guides³ that were developed and tested with the Ministry prior to use. The interviews used both open-ended questions and closed-ended questions. Interviewees were encouraged to 'think aloud' (to help surface typical language in use around training).

The key areas covered were:

- defining and classifying training (what classifications work/make sense) – the interviews started with open-ended exploration of the interviewee's own classifications then later asked them to respond to showcards that outlined definitions used in previous training research
- training planning and decision-making (including quantifying training and measuring impact) – actual training undertaken and extent of record keeping on cost and time
- training providers
- reasons for training (where time allowed).

Interviewees were also asked for general feedback relating to questionnaire or survey design. Interviews were recorded and interview notes were used to inform analysis.

Given that a key starting point for this project was the differences expected between employers in definitions of training, classification of training activities and interpretation of words/phrases in common use, we took particular care around the cognitions. As a starting point, we kept in mind the four main components of the response process typically considered in survey design (Tourangeau, Rips and Rasinski 2000): comprehension, retrieval, judgement and response (for example, mapping a judgement onto response categories provided).

³ The topic guides are presented in Appendix 2 and Appendix 3.

More specifically, because different possible categories of training were important, we explored groupings of training activities using a card-sort technique (writing training-related activities on cards and then inviting employers to sort them freely into any groups of their choosing). Like others using such sorting techniques (such as Malhotra and Krosnick 2007), we were alert to ways psychological processes commonly associated with categories and concepts might cause respondents to focus, for example, preferring to focus on typical examples of categories rather than atypical ones and possibly preferring basic level categories (such as those that they could form a concrete image of) to superordinate categories.

3 CONTEXT

While there is a large body of evidence that highlights the association between skills and workplace productivity, robust information about employer-provided training and skill development is lacking in New Zealand and of variable quality in comparable jurisdictions.

Training and skill development are critical determinants of wage growth and ultimately contribute to increased firm productivity and economic growth. The economic benefits of training are shared among:

- the individual trainee, through higher labour productivity and wages
- the firm, through enhanced profitability
- society as a whole, through externalities.

Researchers and policy-makers need to better understand the linkages, gaps and outcomes of training on skills and, ultimately, productivity and economic growth. The OECD (1998) argues that information gaps in training data make it difficult for countries to:

- gain a comprehensive understanding of the national training system
- determine the overall level of training
- judge if the training delivered by the various players is effective, appropriate and balanced
- ascertain the impact of training on productivity and growth
- assess how equitable access to, and participation in, training is
- formulate effective training policies
- monitor the attainment of training goals and objectives.

Having better information on training provided by employers is particularly important because the majority of the training and development undertaken by working adults is provided by employers (OECD 1999). Improved measurement of training activity in New Zealand workplaces is the fundamental starting point for developing more effective, targeted policies to help lift the skills and productivity of the workforce (Mason, Mok, Nunns, Stevens and Timmins 2010).

Researchers have attempted to examine the outcomes of training (we have lots of hypotheses for why training is important to individuals, employers and society as a whole), but our work has been undermined by poor measurements of training activity within NZ firms. (Jason Timmins, personal communication, February 2012)

3.1 Addressing shortfalls in data collection on training

This work is the initial step in a wider programme of work by the Ministry attempting to address this lack of robust information, aiming to capture more comprehensive and reliable data on the nature and incidence of training and skills development occurring in New Zealand workplaces.

Currently, little detailed information is being collected on training within New Zealand, and there are significant gaps in what is collected. A literature review on

industry training and productivity by NZIER (2004) identified a number of gaps in available information including externalities arising from training, cost of training to firms and impact of human capital on firm profitability and productivity.

Information that is collected is patchy and irregular. This limits the usefulness of available data. An example of this is employers and employees being asked different questions on training in two separate surveys in 2008:

- Business Operations Survey: employers were asked the number of staff who had received any type of training, the proportion of staff members who had been trained and the subject.
- Survey of Working Life (a supplement to the Household Labour Force Survey): employees were asked whether they had had any training paid for by an employer and what the duration was.

While both of these recent surveys of training activity by employees were conducted using robust, well tested survey vehicles, the information gathered is of limited use to researchers because of the simple nature of the questions asked. With respect to the Survey of Working Life supplement, Barnes and Dixon (2010) noted the following:

One of the main limitations of this study arises from the fact that the measure of education and training used in the survey was a simple question that did not distinguish between different types of training... Other evidence suggests that these different types of education and training are likely to be distributed in quite different ways.

To fill information gaps and inform better understanding, the Ministry intends to develop more robust questions and measures that could be used within future surveys and research on a range of training-related issues in workplaces. Improved measurement of training within New Zealand would also enable more sophisticated analyses to be conducted utilising existing data sets such as the Longitudinal Business Database (LBD), Linked Employer-Employee Data (LEED) and other surveys such as the Business Operations Survey (BOS).

4 DEFINING AND MEASURING TRAINING – ISSUES AND CHALLENGES

This section discusses research on workplace training both nationally and internationally, raising conceptual and methodological issues that informed the rest of our work – including the employer interviews, framework development and recommendations.

Note that this section focuses on workplace training research from the employer perspective. (For a discussion of research involving employee perspectives, including advantages and disadvantages of particular methods, see OECD 1997.)

Definitional, measurement and comparability issues are raised through the examination of relevant examples and approaches used by national employer surveys in other jurisdictions. The inherent difficulty in this type of research is demonstrated by the history of change evident in these surveys, resulting in a low degree of comparability. The key surveys drawn on are:⁴

- Canada: the Workplace and Employee Survey (WES) – inactive
- Australia: the Survey on Employers Use and Views of the VET System – currently under review, with changes being made to 2013 questions
- Australia: Training Practices and Expenditure Survey (TPES) – discontinued
- United Kingdom: UK Employer Skills Survey (ESS) – ran for the first time in its current form in 2011 and is the successor to four separate surveys previously undertaken in England, Scotland, Northern Ireland and Wales
- United Kingdom: Workplace Employment Relations Survey (WERS) – has been reviewed and adapted several times
- European Union: Continuing Vocational Training Survey (CVTS3) – in its third iteration and further changes are very likely due to respondent burden and poor response rates in some EU countries.

4.1 Defining training and skill development

It is difficult to fully measure the training and development that takes place in firms for a number of reasons. These include the diffuse nature of learning activities undertaken by employees; difficulty measuring informal, unplanned training activity; differing levels of formality in planning, accounting and recording systems; and differing interpretations and understanding of training concepts by respondents.

One of the key challenges for researchers is defining what is meant by the terms 'training' and 'development' in the firm context and what is important to measure for the purposes of attempting to understand the impact of training on work and firm performance. If, ultimately, what we want to know is what training and development activity has the greatest impact on productivity and firm performance, it is important not to define training too narrowly.

⁴ Appendix 1 provides a summary of each survey and highlights the range of questions asked and/or particular approaches of interest.

Felstead, Fuller, Unwin, Ashton, Butler and Lee (2005) argue that many policy-makers remain inappropriately preoccupied with the supply of qualified individuals and participation in training events and that these are only partial measures of the learning and skill development that 'arises naturally out of the demands and challenges of everyday work experience and interactions with colleagues, clients and customers'. They argue that many employer surveys perpetuate a focus on formal training activity by:

- defining training in a limited way – asking about the knowledge and skills related to work requirements that are acquired by formal, structured or guided means and specifically excluding general supervision, motivational meetings, basic induction and learning by experience
- allowing respondents to define training without prompting – this tends to lead to a narrow definition of training, limited to certain parts of the business and certain types of activity such as formal training programmes.

The OECD (1997) broadly defines vocational training as being 'all the various processes by which an individual develops the competencies required for employment-related tasks'. Competencies can be thought of in terms of knowledge, skills and attitudes. Seven learning processes are identified by which both informal and formal training may be delivered:

- Learning by being informed.
- Learning by being shown how to perform a task by someone who is physically present.
- Learning via tests and exercises.
- Learning through self-directed study.
- Learning through figuring things out.
- Learning by watching someone who is physically present perform a task.
- Learning by doing.

Baum (1995, as cited in Garavan 1997) characterises development as a process that can take place at any time and is not constrained by formal parameters or at specified points within an individual's life cycle. It is not confined to a classroom or coaching situation, nor is it a situational term restricted to planned or formalised group sessions.

Both of these definitions emphasise that individual workers will learn and develop competencies in a range of ways, including through experience on the job and learning outside of the workplace. All of these learning processes may benefit the employer.

While researchers and policy-makers have an interest in skill development in general, this review focuses on the decisions employers (not employees) make about investment in training and development activities. In simple terms, this includes:

- the types of training they invest in
- the amount of training provided
- who receives the training
- employer reasons for investing in different types of training.

4.2 Classifying training

Formal versus informal training

Although a variety of terms are used, a key distinction is between formal and informal training. How the distinction between formal and informal or structured and unstructured training is ultimately determined and where the research boundaries are drawn depends on the specific context for research and the nature of the survey instrument.

The OECD (1997) proposed a conceptual model that distinguished between different structural forms of training based on the extent to which predetermined guidelines inform the way training is organised, delivered and assessed. They distinguished between unstructured, structured, highly structured and very highly structured training:

- Unstructured training – no predetermined guidelines (includes learning by figuring things out and learning by watching someone else perform a task, most learning by doing).
- Structured training – as a minimum, has predetermined guidelines related to the training objectives, training content and methods employed. These guidelines will be developed by someone with subject matter expertise or a training qualification.
- Highly structured training – in addition to predetermined guidelines set out for structured training, will have predetermined guidelines for the training timetable and person who is responsible for organising the training.
- Very highly structured training – as well as having predetermined guidelines for the training, the training will be based on an analysis of training requirements, tested or examined and evaluated.

Similarly, the Australian Bureau of Statistics (ABS) makes a fundamental distinction for formal or structured training, as:

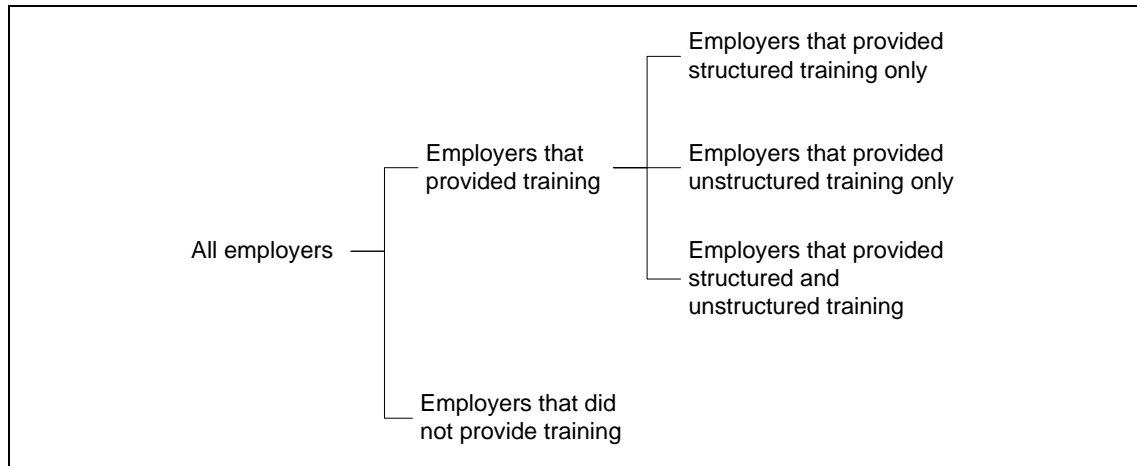
...all training activities which have a predetermined plan and format designed to develop employment related-skills and competencies. It consists of periods of instruction, or a combination of instruction and monitored practical work. The instruction can take the form of workshops, lectures, tutorials, training seminars, audio visual presentations, demonstration sessions or monitored self-paced training packages. It can also include structured on-the-job training. (ABS 1998b, as cited in Dawe 2003: 65)

Informal or unstructured training activities are defined by the ABS as being instigated by the individual or occurring in an ad hoc fashion as the need arises and as:

...training activity that does not have a specified content or predetermined plan. It includes unplanned training that is provided as the need arises and training activity that is not monitored such as self-training through reading manuals or using self-training computer packages. (ABS 1998b, as cited in Dawe 2003: 66).

On this basis, the survey populations for the Employer Training Expenditure and Practices Survey were distinguished as follows:

Figure 1: ABS Survey populations



Source: Trewin 2003.

Most employer surveys we reviewed attempted to distinguish between formal and informal training in some way. Either informal training was considered out of scope (such as the EU CVTS3) or separate questions were asked that covered options that might include non-formal training.

The UK ESS is an example of the latter. Following questions relating to on-the-job and off-the-job training, a follow-up question asks:

And has your establishment done any of the following to aid the development of your employees in the last 12 months?

- Supervision to ensure that employees are guided through their job role over time.
- Provided opportunities for staff to spend time learning through watching others perform their job roles.
- Allowed staff to perform tasks that go beyond their strict job role and providing them with feedback as to how well they have done.

The OECD, the ABS and UK examples demonstrate the variation in conceptualising and defining training. Terminology used and what is included or excluded in surveys of training and skill development are likely to vary depending on national policy settings, education systems and the particular economic and social issues facing a country.

For New Zealand, as in other economies, a particular challenge is designing research to measure training across diverse industries and firm sizes. Dalziel (2010) highlights that, for small and medium sized enterprises (SMEs):

- informal and on-the-job unstructured training is seen as more relevant than training through formal courses

- SME employers tend to be independent and suspicious of formal training and education
- formal training is often not flexible enough in timing, access or convenience.

SMEs (when defined as enterprises employing 19 or fewer employees⁵) comprise 97 percent of all enterprises in New Zealand, employ 31 percent of all employees and account for 42 percent of the economy's total output (Ministry of Economic Development 2010). This implies that, to gain an accurate picture of workplace training, research needs to accurately define and capture informal training as well as more visible formal training.

Training modalities – other common delineations

Internationally, there is no commonly agreed approach to defining training, and different national surveys draw different boundaries. According to the OECD (1998), in relation to the types of training covered, most comparability issues arise between existing individual country surveys variously excluding or including:

- informal training
- initial training (including apprenticeships)
- non-job-related training
- training in the formal education system
- training that is not employer sponsored.

In addition to this, the literature review identified a range of classifications that are used to investigate workplace training. The more common approaches discussed below are:

- initial versus continuing training
- external versus internal training
- on-the-job versus off-the-job training
- specific versus general training.

Initial versus continuing training

The line between initial and continuing work-related training is blurry. While some define initial training as any training undertaken before the start of a working career, another view is that initial training includes any training an individual needs to be proficient in their job at the start of their career. The OECD (1997) also notes that employers may struggle to make this distinction on behalf of employees in an employer survey.

The EU CVTS3 adopts the approach of excluding initial training and provides a framework for distinguishing between individual and vocational although recognises that employers may provide training activities for some individuals (such as training of job seekers with assistance from government or internships for professionals such as lawyers or accountants) that are difficult to class as one or the other (see Table 1).

⁵ This definition is used by the Ministry of Economic Development.

Table 1: EU CVTS3 framework for distinguishing initial vocational training from continuing vocational training

	Initial vocational training	Continuing vocational training
Main activity of the person	Student, apprentice, trainee	Employed by the enterprise
Type of contract	May differ between jurisdictions	Work contract required (essential element)
Type of learning activity	Formal learning (essential element)	
Work-based element	Must have a work-based element (essential element)	
Costs for the enterprise		Financed wholly or partly by the enterprise (essential element)
Time period of the study	Not essential but consideration of minimum training period may be useful to exclude casual work placements	

Source: Eurostat 2006.

External versus internal training

Dawe (2003) defines external training as follows:

[T]raining content which is provided by an external training provider, curriculum or training package and externally monitored and recorded is referred to as external training.

Dawe (2003) further defines internal training (or enterprise-provided training) as where:

...the training content is developed internally by staff or training specialists to meet enterprise and employees' needs, and the training does not conform to any external accreditation process.

This distinction appears to be commonly used in the surveys reviewed and readily understood by employer respondents in the recent UKCES research on measuring training:

Of all the distinctions discussed with respondents, 'internal' versus 'external' training was by far the most natural for employers, and many said this is a distinction they use themselves. (Winterbotham et al. 2011:31)

Apart from asking employers for their spontaneous definitions of these terms, they asked employers to respond to the following definitions:

Internal training: training that is delivered in-house by other employees of the company, rather than by external providers, regardless of where the training takes place.

External training: training using a training provider external to the organisation, regardless of where the training takes place. (Winterbotham et al. 2011:31)

However, the OECD (1998) warns that, for some firms, training provided by parent companies, subsidiaries or franchise operators may be interpreted as either internal or external depending on how the relationship is viewed.

On-the-job versus off-the-job training

The term 'on the job' can vary in its interpretation depending on the circumstances to which it is applied. Highlighting the opportunities for overlap and blurry boundaries regardless of the delineations given to different types of training, Dawe (2003) distinguished between formal and informal on-the-job and off-the-job training as shown on Table 2.

Table 2: Four dimensions of on-the-job, off-the-job, formal and informal training

	Formal (structured) training	Informal (unstructured) training
On-the-job	Formal training can take place on the job, while the person is undertaking normal work tasks or as part of productive work, under instruction and supervision of an experienced colleague or workplace trainer.	Informal on-the-job training is undertaken as part of productive work and instigated by the individual or on an ad hoc basis, for example, observing colleagues, asking questions and being coached.
Off-the-job	Off-the-job training takes place away from a person's job, usually off the premises but may be on the premises. Formal training can be undertaken off the job, such as an instructor-led training session in a worksite training room or at external training provider locations.	Informal training can be undertaken off the job, such as away from a person's job or while not carrying out the normal work tasks, and is instigated by the individual or on an ad hoc basis, for example, asking questions or listening to friends, family members, union organisers and other contacts.

Source: Dawe 2003.

The distinction between on-the-job training and off-the-job training is often interpreted differently by respondents in research (OECD 1998). Furthermore, UKCES research (Winterbotham et al. 2011) found that employers were more consistent in their definitions of off-the-job training than on-the-job training. Many employers defined on-the-job training as any training held at the site where the employee works, in other words, treating on-the-job training as the same as in-house training.

Measuring the incidence of on-the-job training activities is difficult to fully capture through employer surveys, but measuring the costs of on-the-job training is much more problematic. For these reasons, the OECD *Manual for Better Training Statistics* (OECD 1997) recommends the use of qualitative case studies as the preferred method to fully understand the incidence, nature and costs associated with the provision of on-the-job training by firms.

Specific versus general training

Specific training refers to training that is non-transferable to other organisations but raises the productivity of a trainee in the organisation providing the training. General training will raise the productivity of a trainee, not only in the organisation providing the training but potentially in other organisations as well.

Traditional economic theory suggests that, because workers, rather than employers, will reap the full benefits from general training, employers have little incentive to pay for general training. In contrast, employers may well sponsor training in specific skills since they can reap at least some of the productivity training benefits, and trained workers will be no less value to outside firms (Becker 1964). In a meta-analysis of employer-provided training surveys in the United States, Lerman, McKernan and Riegg (2004) found that, although employers emphasised specific training, there was evidence of a considerable amount of employer-supported general training.

Although many surveys asked respondents to provide information on the main subject of training covered, none of the surveys we reviewed distinguished between specific (or non-transferable) training and general (or transferable) training.

Policy-informed areas of investigation

Beyond the modality of training, researchers and policy-makers are also interested in a range of other questions related to the types of training activity provided in firms. In particular, the subject matter of training and questions of direct relevance to specific features of the vocational education and training (VET) system in a given jurisdiction are common.

Subject matter of training

Policy-makers may also be interested in the subject matter or fields of training that firms are providing to employees. Most surveys ask about the subject matter of training provided in firms. There is no international comparable approach, but the following surveys do ask about the subject matter of training provided: WES 2006, EU CVTS3, UK ESS and the New Zealand BOS 2008. Notably, the Employers Use and Views of the VET System survey in Australia does not ask about the subject matter of training.

It is observed that, in some surveys there tends to be conceptual overlap between the subject matter of the training (focus of skills and knowledge being acquired) and the groups of employees who receive such training. The New Zealand Business Operations Survey (BOS) 2008 adopted a useful approach by

emphasising the skills being acquired. Cognitive testing by Statistics New Zealand found that employers were comfortable distinguishing between the categories used in the BOS 2008.⁶

There is also a tendency for surveys to group together subject areas in different ways across jurisdictions:

- Customer service/sales/marketing: BOS 2008 groups customer services/sales skills together separate from marketing skills; EU CVTS3 and WES 2006 grouped sales and marketing together.
- Management/supervisory/professional training: BOS groups managerial/supervisory skills together, separate from professional/technical skills; UK ESS asks separately about management training and supervisory training; EU CVTS3 also grouped accounting, finance, management, administration and office work into one category.

For researchers and policy-makers, there is a trade-off between the limitations of subsequent analysis for grouped categories versus the need to clearly define the boundary between categories if they are separated. A further consideration is the length of lists and the potential impact on respondent burden.

The way in which survey questions on the subject matter of training is formulated is likely to remain specific to the economic context and policy interests of particular countries. Therefore, careful consideration needs to be given to user information needs. For example, management capability has been identified as a significant issue for lifting firm productivity in New Zealand.

Stakeholders interviewed for this research considered that there was a gap in the training of frontline managers and supervisors as distinct from other managers.⁷ The UK distinction between supervisory training and management training may be a relevant distinction in this context.

Jurisdiction-specific questions on VET systems, training providers and funders

Surveys in different jurisdictions may also choose to distinguish between different forms of training in ways that reflect their particular education and training system or the monitoring requirements of particular national organisations.

The Survey of Employer Use and Views of the VET System in Australia is a good example of adopting such an approach. While the focus of the survey is strongly on accredited training and apprenticeships, questions are also asked about unaccredited training in the workplaces surveyed. The survey groups training into three principal types – vocational qualifications as a job requirement, use of nationally recognised training and apprenticeships/traineeships, and unaccredited training. More granular data on the mix of training activities, volume, costs and who receives the training are then asked in relation to each of these subgroups. For more detail, see Appendix 1.

⁶ Jason Timmins, personal communication, February 2012.

⁷ NZCTU, personal communication, 9 February 2012; Business New Zealand, personal communication, 10 February 2012.

Research on training in firms is often vague about who funded the training and contributions from different parties, including the employer, individual employees, government and other associations. In New Zealand, previous surveys of training and development of employees have been criticised for the absence of classification according to who funds the training. For example:

From a policy perspective, it would be useful to be able to separately analyse patterns of participation in courses that are offered by publicly funded tertiary education institutions, industry training programmes that are delivered in workplaces with the help of government funding, and courses that have no public funding. (Barnes and Dixon 2010)

The EU CTVS3 partly addresses this issue by instructing respondents to only provide information on training activities that are at least partly funded by the employer.

As an alternative approach, the Canadian WES 2006 asked:

Between April 1, 2005 and March 31, 2006, was any of the following a source of funding for classroom training of employees at this location? (Check all that apply.)

- Federal government programs
- Provincial government programs
- Training trust funds
- Union or employee association funding
- Industry organizations
- Employees
- Equipment vendors
- Other private sector organizations
- Other outside source of funding.

4.3 Quantifying training – the incidence, intensity and cost of employer-provided training

Incidence of training refers to the decision by workplaces on whether or not to arrange or provide training activities. Intensity of training, on the other hand, refers to the volume of training offered by workplaces once they have decided to undertake training.

Conceptually, the volume of training a workplace provides will depend on:

- the number of training sessions delivered by a workplace in a given period
- the number of individuals who attended these sessions
- the amount of time attendees actually spent in the training sessions.

In practice, research questions about training intensity or volume tend to ask respondents to estimate an average amount of time either employees or training participants spent in training. There are different ways to define the intensity of training. Common approaches include:

- the proportion of work time an organisation's employees or training participants spend in training
- the average number of participants in training sessions during a given period
- the duration of an organisation's training in a given time period. (OECD 1997: 46)

Training costs

Employer-provided training is a known determinant of wage and productivity growth, but it can also be a significant cost for organisations. However, for a number of reasons, it is very difficult to obtain an accurate picture of what firms spend on training. Freyens (2006: 495) argues that this is because:

...few organizations officially record all the costs in regular accounting flows, the concept of what constitutes cost is somewhat elusive, and existing estimates are relatively few and provide incomplete measures of the costs involved in training.

Employer surveys generally seek to measure the incidence and intensity or volume of training to some extent, but not all surveys attempt to gather financial information from employers. Where they do, financial information is only sought in regards to structured or external training, and the level of specificity varies from a total figure estimate to breakdowns for different types of costs. This is likely to be due to concerns about respondent burden and the accuracy of recall.

Information on costs that is recorded by firms is generally limited to external training funded by the employer and provides only a partial picture of the true costs of training to the firm (Freyens 2006). The decision to include questions about training costs needs to carefully weigh the objectives of the research and importance of the information relative to the potential lower response rates, respondent burden and concerns around the accuracy of the information.

The (OECD 1997) describes the following costs as potentially forming part of an organisation's training costs:

- Designated training personnel.
- Non-designated training personnel – cost of diversion from other duties to train.
- Specific trainee costs – time training, time preparing to train (such as travel), labour costs of employees while in training and possibly replacement workers or covering employees.
- The costs of training facilities.
- Other training costs such as cost of consumables used in training activities and fees paid to external providers for the delivery of training.

These costs may be partially offset by revenue a firm may receive for undertaking training activities. This might include government training subsidies, contributions from employees towards the cost of their training and, in some countries, tax concessions.

Of the surveys reviewed, the EU CVTS3 provides the most useful breakdown of training costs, as shown in Table 3. However, it should be noted that the length and complexity of the CVTS3 has led to low response rates from workplaces in some participating countries.

Table 3: CVTS3 approach to measuring costs for training courses

Costs of continuing vocational training courses	Did the enterprise incur costs in this category? Yes/No	Costs
Fees and payments for courses for persons employed: Payments made to external organisations for the provision of CVT courses and services, including course fees, the cost of assessors and examiners and the cost of external trainers used to support internal courses.		
Travel and subsistence payments: Payments made in relation to the travel and subsistence of participants engaged in CVT courses.		
Labour costs of internal trainers for CVT courses: Labour costs of staff on own training centre and other staff exclusively or partly involved in designing and managing CVT courses.		
Costs for training centre, training premises or specific training rooms of the enterprise in which CVT courses take place and costs for teaching materials for CVT courses: Annual depreciation for rooms and equipment, running costs for training centre or other premises and costs of materials bought specifically for CVT courses.		

Source: Eurostat 2006.

Training recipients – who receives training?

International evidence suggests that different types of training and education are likely to be provided to different groups of employees. A review of literature by Barnes and Dixon (2010) identified a number of employee and job characteristics that determine both the likelihood of an employee participating in work-related training and the nature of the training provided:

- Existing level of qualifications – employees with higher base levels of education are more likely to receive employer-funded training.
- Age – younger workers receive most training.
- Gender – women may participate less in training, particularly due to family responsibilities.
- Job tenure – some employers may invest more in new employees to gain the skills required for the job while other employers may invest more in training employees with higher tenure as a reward for seniority or commitment to the firm.
- Hours worked and type of work contract – part-time workers and workers on temporary contracts have been found to lower the probability of participating in training.

- Union membership – there is mixed evidence of union membership having both positive and negative impacts on training provision. Timmins, Mason, Mok, Nunns and Stevens (2011) found that, in one New Zealand survey, heavily unionised workplaces were associated with lower probabilities of offering staff training.
- Occupational level – employees in occupations requiring higher skill levels are more likely to participate in employer-funded training.

Firm characteristics also moderate the extent and nature of training activity, including:

- enterprise size
- industry traditions of training
- occupational structure
- industrial relations
- management attitudes
- government training policy. (Smith and Hayton 1999: 258)

Firm size and industry, in particular, are consistently identified as key determinants influencing training provision (Barnes and Dixon 2010; Timmins et al. 2011; Westhead 1998).

Employer surveys in other jurisdictions have adopted differing approaches in their attempts to measure which employees receive training and the types of training they receive. The OECD (1998) argues that, while additional breakdown of the types and volumes of training by characteristics of employees who participated in training is desirable, it may be problematic to collect except the simplest variables.

Some surveys attempt to break down training provision for different occupational groups using official occupation classification categories, such as the discontinued Employer Training Practices and Expenses (UK ESS). The UK ESS asks about the numbers of employees who had received training in the past 12 months in each occupational category. However, employers may struggle to accurately group employees according to the categories given.

An interesting approach adopted in the UK WERS 2004 survey was to ask about training for the largest occupational group of employees only. This approach has the advantage of focusing employers' responses on one core group of employees, which is likely to facilitate improved recall and more accurate reporting.

The policy objectives of a research project should drive decisions to ask about training for particular groups of employees. In particular, accurate reporting on training provision for smaller groups of employees (in numerical terms) who may be of particular interest to policy-makers, such as supervisors or managers, is most likely to be achieved through a discrete question.

Why do firms make the training decisions they do?

The decision by employers to invest in workforce development cannot be separated from wider business considerations and strategies. Employer

investment in training and development of employees is likely to be a combination of business drivers and employer awareness of the training needs of their workforce and options available for the provision of training.

Timmins et al. (2011) found a strong correlation between firms' business strategies and the incidence of staff training.

Undertaking research and development, changing the firm's production technology and introducing new goods, services, process or marketing strategies are all associated with an increased probability of training staff.

Drivers of training

Employers tend to describe a range of drivers for providing training to their employees. Smith and Hayton (1999: 254) identify a number of factors that appear to impact on training decisions to train employee:

- Improvement of employee performance.
- Improvement of the adaptability and flexibility of the workforce.
- Investments in new technology.
- Adoption of new work practices and moves towards more sophisticated systems of human resource management.
- Changes in business strategy.

The Allen Consulting Group (1999, as cited in Dawe 2003) examined reasons employers trained their employees as part of research for the Australian Industry Group. The main reasons employers identified were to:

- improve quality
- improve competitiveness
- multi-skill employees
- meet health and safety requirements
- implement workplace change
- build commitment to the company.

With the exception of the Canadian WES and the EU CVTS3, other surveys attempted to capture the reasons or objectives of employers for providing training. This is generally asked in the form of a list of multi-choice options. The EU CVTS3 differed in that it focused on factors that may have limited the scope of vocational training offered. Employers who offered no training in the given period, were asked to provide the three main reasons, from a list, for why they had not provided training to employees.

Firm planning for training activity

(Kaye-Blake, Flagler and Campbell 2011) found that business strategies can be described as formal versus informal and intentional versus opportunistic. The same is likely to be true for employers making training decisions.

Owners/managers have a pivotal role in the decision-making process leading to the provision of job-related formal training. However, a sizeable proportion of owners/managers of small firms, particularly those with minimal formal educational qualifications, may be ignorant/unaware of the variety of training

schemes on offer (research cited in Westhead 1998: 190). The extent to which training is planned and recorded is also likely to influence the accuracy of data provided through an employer survey (OECD 1997). Of the employer surveys reviewed, the four dedicated training surveys⁸ all sought information on the firm's training policy or planning: the Australian ETEPS and Survey of Employers Use and Views of the VET System, UK ESS and the EU CVTS3. However, the number and complexity of questions vary significantly.

At the most basic level, the UK ESS asks firms about their planning processes for training:

- Does the firm have an annual training plan?
- Does the firm budget for training expenditure?
- What proportion of staff have formal job descriptions?
- What proportion of staff have an annual performance review?

The EU CVTS3 adopts a more extensive line of questioning in regard to the training policy of firms. Questions include (not an exhaustive list):

- Did the enterprise run a training centre or run a shared training centre with other enterprises or organisations, with the necessary equipment to provide training for its persons employed?
- Was there a specific person or unit within the enterprise having the responsibility for the organisation of CVT?
- How frequently did the enterprise make use of an external advisory service to obtain information or advice on CVT?
- How frequently did the enterprise implement formal procedures with the objective of evaluating the future skills needs of the enterprise?
- How frequently did the enterprise conduct structured interviews with its persons employed with the objective of establishing the specific training needs of its persons employed?
- Did the planning of CVT in the enterprise lead to a written training plan or programme?
- Did the enterprise have an annual training budget, which included provision for CVT?

4.4 Summary: defining and measuring training – issues and challenges

Examining key international surveys that have or continue to investigate workplace training illustrates the challenges inherent to this type of research. On the whole, existing statistics are not comparable due to a lack of continuity in data and inconsistency in categorisation and areas of focus.

However, common features and lessons from existing research allow us to draw conclusions relating to conceptual issues and methodological issues.

⁸ The WERS 2004 and WES 2006 are linked employer-employee surveys that cover a much wider set of employment relations issues. Training is just one module of these surveys.

Conceptual issues

- Of the various classifications in use, formal versus informal training is the key high-level distinction. This classification (with variations in actual definition) shapes most training research.
- External versus internal training is another useful distinction. This is commonly used and consistently understood.
- Other distinctions need to be driven by the information required to inform sophisticated policy analysis (such as sector differentiation or origin of funding). This is likely to evolve over time and differ between jurisdictions.
- It would be prudent to include questions on the drivers of training to further inform policy – there is a range of existing questions that can be drawn upon in this area.

Methodological issues

- Quantifying training and detailed questions relating to cost have a negative impact on response rates, and answers are likely to be less accurate. Surveys that have asked particularly detailed questions (such as the EU CTVS3) have achieved poor response rates.
- This implies that trade-offs need to be made between the depth of information (high quality information from a small number) versus breadth (information at a higher level from a greater number).
- Different types of information will be more successfully collected using different methods. New Zealand has a high proportion of SMEs where training is most commonly informal. Information relating to informal training is most successfully collected via qualitative methods.
- Terms used to classify training need to be clearly and simply defined and supported by examples, where possible, to improve the consistency of responses.

5 EMPLOYER INTERVIEWS: KEY FINDINGS

A total of 12 interviews (four with stakeholders and eight with employers) were undertaken to explore employer understanding and use of key concepts and terminology in use in other surveys, as identified by the literature review.

This section summarises interview findings relating to:

- definitions and use of the term 'training' and how employers classify training
- quantifying training and employer motivations for training.

This section is primarily based on the employer interviews. On the whole, stakeholder interviews provided general context and background rather than specific feedback on research issues relating to workplace training.

5.1 Exploring meaning and surfacing typical language

During the interviews, employers and stakeholders were asked to discuss how they defined and classified training. During the discussions and while analysing interview data, we took care to distinguish between:

- actual training activities
- cognitions about such activities (different ways of thinking or talking about them)
- records of such activities (such as classifications of training already used in writing, costs or time formally recorded about training).

Definitions and use of the term 'training'

When employers were asked what they thought of when they heard the term 'training', their initial responses always related to their core business: hospitality and retail employers outlined training focused on customer service, construction employers focused on technical and safety skills and the professional service employer focused on the skill set required to provide that service.

Some talked of broad training approaches, while those employers who had a set of training activities or a training programme in place used this as the basis of their answers unless specifically prompted to think more widely. The programmes/activities that they initially mentioned were always clearly focused on their core business.

This dominant focus on training that supports core business reveals employers' initial 'top of mind' reaction as to what constitutes training. This is sensible and intuitive, given that training for these staff and activities is likely to be the most visible, due to staff numbers and their centrality to the business. This also supports Felstead et al.'s (2005) findings that initial, unprompted questioning on training results in employers reporting on training that relates to only a part of their business.

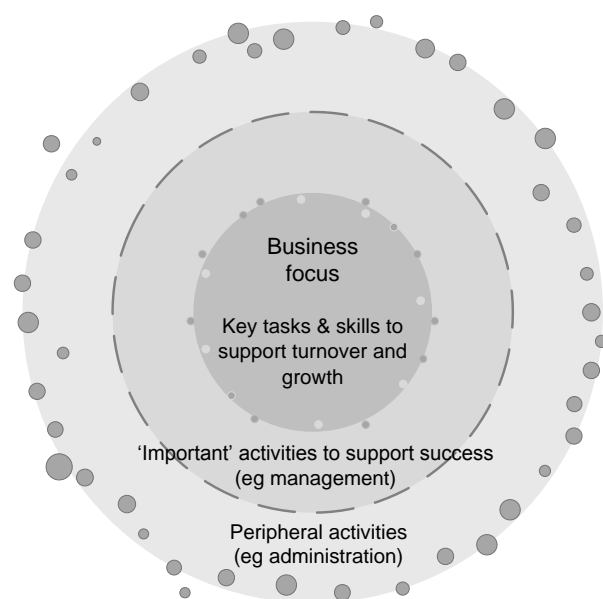
During our interviews, prompting led employers to identify a range of other training within the business, in addition to the more obvious training activities

focused on their core business. The order that these other activities were mentioned differed from employer to employer:

- Activities that were seen as important and of high value to the business were typically mentioned next, including training activities related to company management or strategic direction, one-off or irregular training (such as barista training) and specialised or professional development (conferences, paid courses, tertiary or other qualification-based courses)
- Training for lower valued or less visible activities was only mentioned late in an interview or after very specific prompting, such as training for administration or general support staff and induction (where this wasn't a specific programme).

Figure 2 summarises employers' answers to 'What is training?' cognitively. The employers' key focus is represented in the middle of the diagram (their 'top of mind' answers), and the circles moving out from the middle represent training for activities that are the next most important, followed by training for activities that are of less obvious value. Training activities in the two outer circles were not typically mentioned until the employer was prompted.

Figure 2: Main focus of answers to 'What is training?'



The circles in Figure 2 are drawn with blurred boundaries to show that training activities were generally described broadly, with permeable boundaries for what was definitely training and what might not be. Even within an organisation, the order in which training activities were mentioned, views on their importance and definitions varied.

I don't know whether you'd call it training or not, but we have biweekly meetings with our staff. (B Construction, small)

It's how we communicate with staff, training can be anything. (E Retail, large)

Training is a broad subject – it's about upskilling in something they don't already know, relevant to the job. (C Construction, small)

Training is improving people's knowledge, ability and skills in anything from making coffee through to production. (G Manufacturing, small)

I have a broad interpretation of what training is. (H Manufacturing, large)

Figures 3–6 are given as examples to show the different 'top of mind' focus for each employer. In each case, the central focus for 'What is training?' was always clearly related to their core business, with training activities related to other parts of the business mentioned later in the interview, usually after specific prompting.

Figure 1: 'What is training?'
hospitality, large

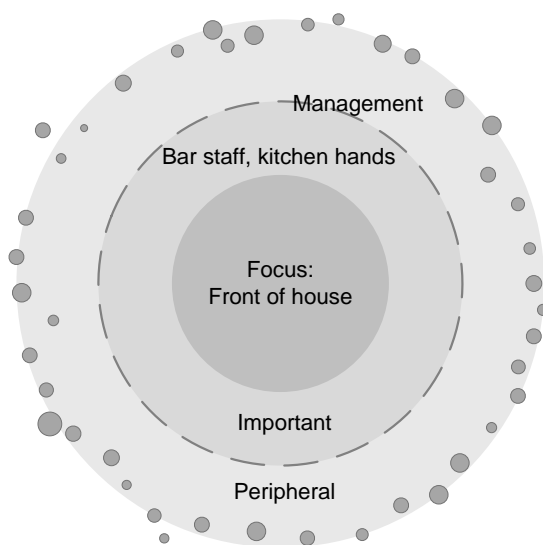


Figure 2: 'What is training?'
professional services, small

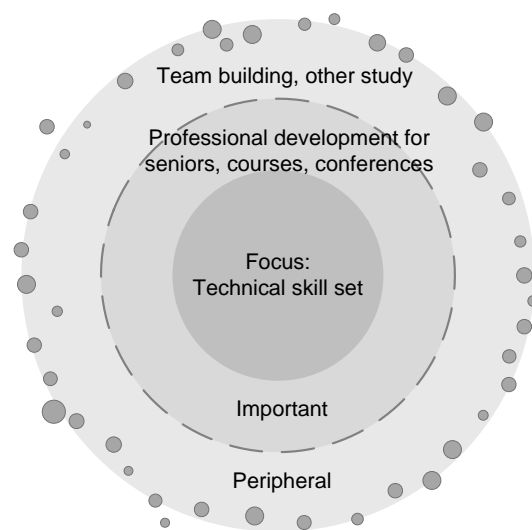


Figure 3: 'What is training?'
retail, large

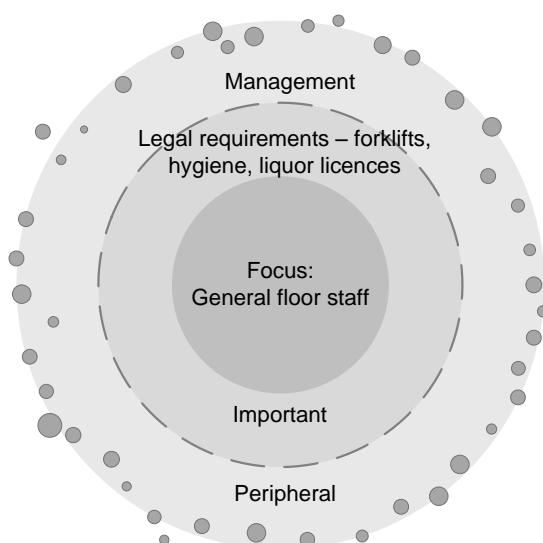
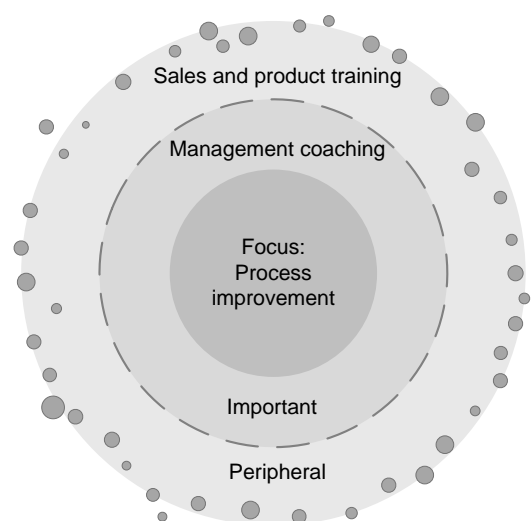


Figure 4: 'What is training?'
manufacturing, small



Classifying training

When asked to outline exactly what training their business paid for or provided, all the employers were able to recall a range of things including training related to their core business and, when prompted, training to support other important and peripheral areas. The employers were also easily able to identify who had received training over the previous year (in particular, types or groups of staff, such as new staff or junior staff). External providers were easily identified.

We have a Stepping Stone programme [for all front-of-house staff] – they work through [initial steps] over a number of weeks, but they start serving people straight away, We can't afford to have them being non-productive for 2 weeks. (D hospitality, large)

Training [for our junior and senior professionals] is mainly an annual 3-day internal training course, which covers written procedures and key updates... (F professional services, small)

When kitchen staff start, I hand them over to the chef, and they get on with it... Front-of-house training is a lot more precise. We have a manual... and they have a training schedule. It's structured and intensive for at least the first year. (A hospitality, small)

The interviews explored a number of ways that stakeholders and employers classified training activities. The language and terminology that they used spontaneously varied enormously. Examples of the actual language and dichotomies used are given below.

- Classification by the specific skills involved:
 - Safety and compliance versus technical; physical versus supervisory.
 - Front of house versus kitchen.
 - Lower-level/task-oriented versus decisions and management.
 - Training (honing existing skills) versus professional development (new skills or knowledge to help you grow).
 - Basic versus upgrading versus remedial versus knowledge and future development.
- Classification by the approach to the training:
 - General (staff engagement, communicating company values) versus specific (first aid and safety procedures in the workplace).
 - Practical versus theoretical.
 - Simple versus specific (needing supervision and structure).
- Classification by the location and/or provider:
 - In-house versus external.
 - On-floor casual conversation versus formal courses.
 - On-the-job versus in-house versus external courses.
 - On-the-job versus external courses.

Stakeholders, in particular, emphasised the importance of credentialised training as improving employment outcomes, including transferability in the labour market for some employees, and considered it would be useful to distinguish between credentialised and non-credentialised training.

The distinction between formal and informal found to be key in the literature review was not part of our topic guide for explicit probing with all respondents but emerged implicitly. Informal training was commonly said to be important in initial discussions about what training was, but it was mentioned less as the interview progressed more towards quantification.

Despite this diversity, commonalities were evident. This was explored by asking the employers to respond to a range of definitions and dichotomies used in previous research. These included internal and external training, on-the-job and off-the-job training and firm-specific training and general training.

Internal and external training

All of the employers were easily able to relate to this split and were able to categorise their own training activities in this way. A number of them made the point that whether training was internal or external was a function of where the provider came from, not the physical location of the training activity. All employers (except one) described the majority of their training as internal – the remaining employer used a mixture of both and described both as important (construction, large).

Internal versus external training was a logical, intuitive description for the employers, with many of them already using this language (or language closely related to it). This finding supports the Winterbotham et al. (2011) finding that this distinction is readily understood by employers. The professional services company used very similar language for their time recording system – ‘education internal’, ‘education external’ and ‘education on the job’ – and the large construction company had a training schedule that used these exact terms as headings.

When asked to respond to a card (Showcard A, Appendix 2) showing a definition of internal and external training (adapted from Winterbotham et al. 2011), all of the employers quickly agreed with the definition, raising no queries.

That’s fine. That exactly what I thought it was. (C construction, large)

It makes sense, yes, this is how I’d view it. (D hospitality, large)

Yep, that’s on the money. (H manufacturing, small)

On-the-job and off-the-job training

This categorisation was less intuitive for employers and did not work well. Although a couple of employers did use ‘on the job’ unprompted and most could understand the definition (adapted from Winterbotham et al. 2011) as written on Showcard B (Appendix 2), only two of the employers thought the distinction worked for them (retail, large, and manufacturing, large).

The rest either didn’t find the distinction or the language appropriate or found it hard to distinguish between the two (saying that most of their activities aren’t

clearly separated in this way). This finding supports Dawe (2003), who talked of an 'overlap and blurry boundaries' with this distinction.

A lot of training starts off the job and then continues on the job, for example, you might learn selling lines but you perfect them on the job. There's lots of overlap. (D hospitality, large)

We would never use this distinction. Everything we expect them to do is part of their job – even evening [after hours] extra stuff is paid time. (A hospitality, small)

[We wouldn't say that] – we call jobs projects. (C construction, large)

Almost all the employers had some trouble understanding the definitions on Showcard B, taking some time to read it, hesitating and querying its meaning.⁹

In addition to this, for a number of the employers, the use of the words 'work position' was problematic. As many employees work in a range of places (such as throughout a restaurant or on a number of construction sites), position was less relevant than hours of work. For most, an employee would be more likely to be viewed as 'off the job' outside normal business hours or when customers weren't present. Furthermore, purely in terms of language, we suggest that 'position' risks irritation or ambiguity as it may also mislead respondents to think of things different to the physical work position (such as other common staff-related phrases such as 'position description', 'we have some positions in finance' and so on).

The OECD (1998) also noted that employers interpreted this distinction in a variety of ways.

Firm-specific and general training

The employers didn't respond well to this dichotomy when describing their own business's training. While they were able to understand the difference, in practice, there was a great deal of overlap between the two types of training. Confusion stemmed from whether to describe the training itself or the skill that was gained. For example, learning to use an in-house check-out required firm-specific knowledge of prices and protocols, at the same time as developing a general ability to serve customers.

As a consequence, employers responded to this question inconsistently and were likely to change their response when probed. When asked to categorise the training that they provide or do as firm specific or general, employers found this particularly hard – many items ended up as 'in between'.

⁹ In particular, employers had a problem with the second part of the on-the-job definition (in italics): Activities at the individual's immediate work position that would be recognised as training by the staff, *and not the sort of learning by experience which could take place all the time.*

Most of our training is specific to our firm – we need to work to meet the needs of specific customers. There are blurry lines, however – our IT system is off the shelf, but we’ve configured it to us, so some aspects would be transferable but not all. (H manufacturing, large)

If a distinction like this is attempted, then logically one should also consider distinguishing ‘industry-specific’ training. In practice, this is what many respondents thought of as a contrast with ‘firm specific’.

[What is firm specific?] Our written procedures and how we manage work, and maybe our computer systems and file layout. On the whole, most things are transferable across the industry. (F professional services, small)

As noted previously, none of the international surveys included in the literature review used this distinction.

Depending on available time, towards the end of the interviews, employers were also asked to respond to a card (Showcard E, Appendix 2) to indicate the topic or subject of any training they had paid for or provided. The employers understood the items on the list and were able to respond to them without any particular problems.

Relative importance of different training types

Questions about relative importance of different training types (such as internal versus external) were usually difficult for employers to answer. The main reason for difficulty appeared to be that ‘importance’ can be thought of in several conflicting ways and hence requires tighter definition to enable clear and consistent answers:

- Some training (such as health and safety) may be a legal or regulatory obligation, but other types of training may be seen as more important for business performance.
- A training type involving the largest volume of training may be seen as the most important purely because of that sheer volume or because of its importance for day-to-day operations, but other training may be seen as more important for the long-term performance (such as a smaller volume of management training/mentoring).

5.2 Summary: defining and measuring training

The employers we talked to were selected for their diversity. They were drawn from a range of industries and varied in size from seven to 275 employees. Despite the small sample size (eight), when asked how they defined and classified training, commonalities across responses point to three key conclusions:

- Employers used training related to their core business as their primary point of reference when asked about training. Other training activities were only mentioned when prompted – this included areas that, while important, were less visible because they were less regularly conducted or because fewer staff were involved

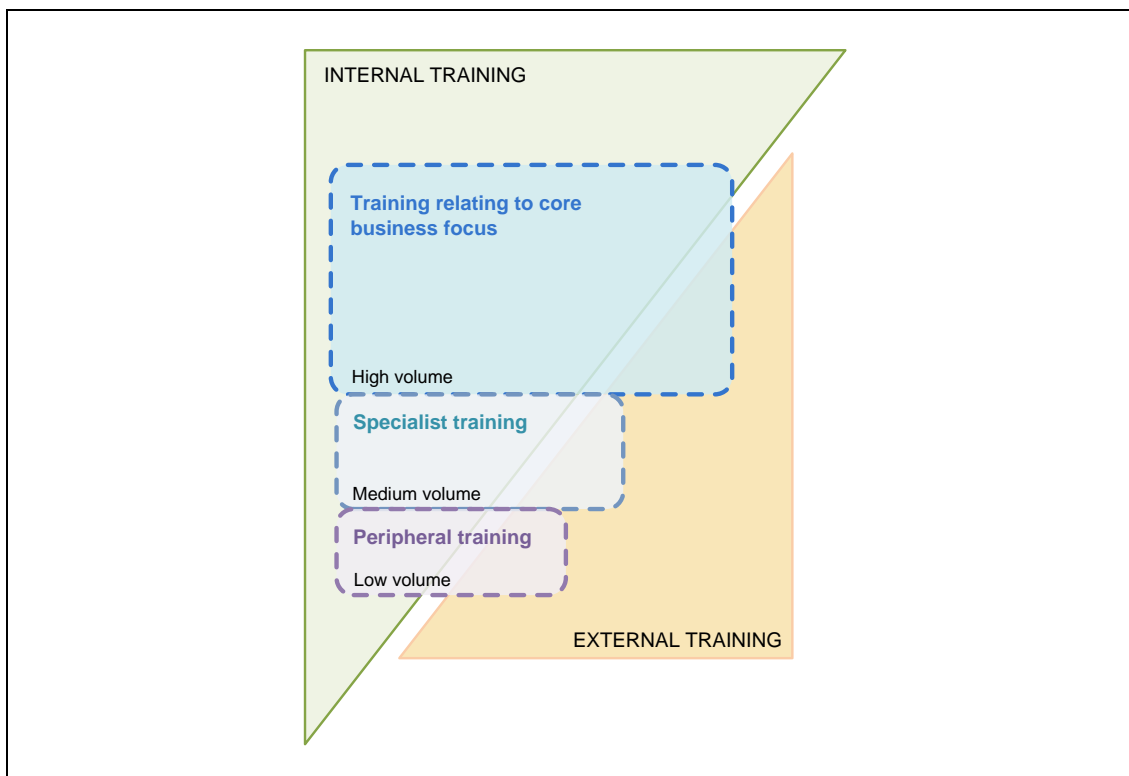
- Describing training as external or internal was a useful, consistently understood classification for all employers we spoke with. Spontaneous language use involved a range of terms, but 'internal' was naturally used by many and understood by all. Other classifications were not consistently used across employers.
- Employers described the majority of their training as being delivered or based internally.

5.3 Quantifying training

The employer interviews investigated the ways in which employers answered questions designed to quantify training. Figure 7 summarises employers' initial description of their training, graphically representing the high value of 'core business' training, primarily provided internally:

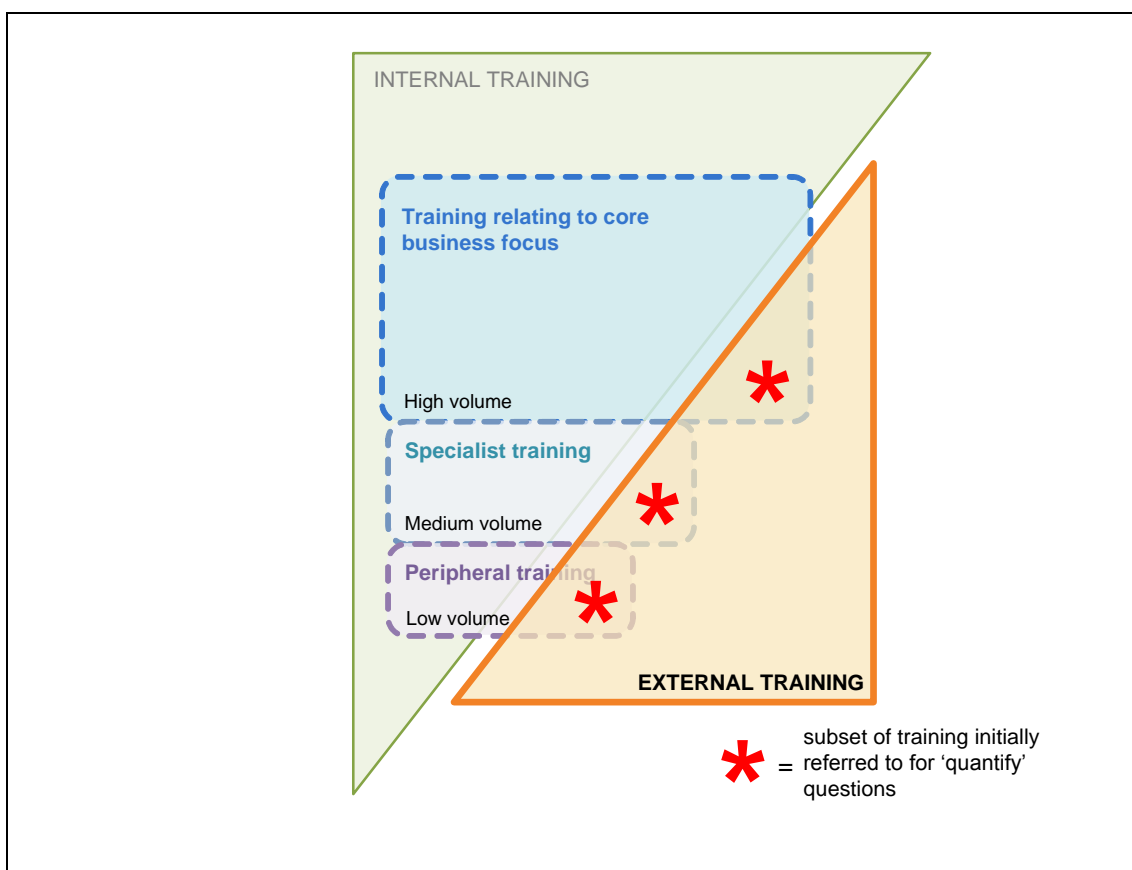
- The majority of training (top blue box) related to their core business focus.
- The volume of training for specialist and peripheral tasks was much less (the second and bottom boxes respectively).
- Most training was internal (the large green triangle) – there is significant overlap between internal training and training relating to core business focus.
- External training was much less (the smaller orange triangle) across all areas of focus – core, specialist and peripheral.
- Note that the actual split between internal and external training varied for each employer (for some, external may have been dominant for specialist training, while for others, internal would have been dominant), and hence this balance might be quite different if data is collected from a different mix of firms (in terms of industry and size).

Figure 7: Training type, volume and delivery (internal or external)



Questions on quantifying training followed a lengthy discussion on defining and classifying training that often focused on internal training (as documented in the preceding section). Despite this, employers' reactions and responses to questions quantifying training predominantly related to training activities that were provided externally (see Figure 8). This is despite external training being a small subset of all the training activities paid for or provided by most of these firms.

Figure 8: Focus of employer answers to 'quantify' questions, external training



This presents an interesting issue. While training is conceptualised very broadly, questions asking for numbers and quantification resulted in the employers focusing on a small, tangible subset of training. Things that were focused on were those things that were visible and tangible, usually involving payment, an external trainer coming into the business or employees going elsewhere for a specific course.

The driver for this was their need for evidence – in most cases, external training was better recorded and identified than internal training. Asking questions on how much, who, when and where prompt employers to access accounts and records to enable them to answer with some confidence.

Exploration of this issue revealed the inherent difficulty in quantifying internal training – the majority of these businesses' training. Many employers described their internal training as including conversations, 'sitting with' employees and meetings. Providing accurate costings for this type of training (internal and

informal) would be difficult or impossible. Even in cases where internal training was based on a formalised course or programme, the internal resources to develop and support this would be unlikely to be accurately costed.

[How many of your people have been trained over the last year?] I can look at our records to see how many people attended the [external] training.... [Later] Most is internal through – all staff would have had some of that... it's very hard to put a figure on it. (E retail, large)

[How many of your people have been trained over the last year?] 90 percent... oh... is it OK to answer for external only? If it's both, then I guess it's 95 percent. (C construction, large)

Another complicating factor was employers' focus on 'core business' training. An excellent example of this was one employee telling us his business had done no training in the previous year despite having spent a significant amount on management training.

[How many of your people have been trained over the last year?] Last year? Zero, minimal – it was a tough year. [What about the management training you mentioned?] Oh, on that I'd estimate I would've spent around \$40,000. (G manufacturing, small)

Other employers initially failed to mention other external related training costs until prompted, for example, travel costs and conference fees. It is possible that some of these responses resulted from the flexible conversational nature of the research, but our interpretation is firmly that such inconsistencies illustrate risks of large errors for larger-scale data collection (especially for quantitative).

The issues and difficulties raised when questioning employers about costs support the approach most often taken in international surveys, where financial information is only sought for structured and external training. The OECD (1997) recommended qualitative case studies as the preferred method to gain an accurate picture for on-the-job training.

Showcard C (Appendix 2) asked which areas the employers had spent money on. This acted as a useful prompt for training expenses:

- Employers had particular difficulties with 'labour cost of internal trainer's time' and 'training and equipment/materials or purpose-built location'.
- Employers were not always sure of the meaning of 'paid leave' and/or how it differed from the final item 'paid work time while training'.

5.4 Training records and budgets

Discussion on how to quantify training led to questions on how training was recorded and whether or not the business had a specific training budget. The employers' answers indicate that larger businesses are more likely than smaller ones to formally record training, though the training that is recorded is likely to be restricted to structured, visible training – external courses and set training

days or programmes (whether internal or external). Where records were kept, they took one of two forms:

- Logs or records of completed courses – external and internal.
 - Some professionals (including the professional services firm we talked to) are required to declare hours spent training to achieve and then maintain accreditation.¹⁰ The professional services firm we talked to recorded external training courses and professional reading for this purpose.
 - The large construction firm had a ‘full staff register of all training’ – probing revealed that no internal training was included in this.
 - Progress through structured induction courses was usually recorded.
- Recorded time spent on specified activities within a time-recording system.
 - The small professional services business had three codes to capture training: ‘education internal’, ‘education external’, and ‘education on the job’.
 - The small construction business recorded one-on-one time spent with employees in a training capacity as ‘management’ (along with other management activities).

The examples given above have inherent limitations for the collection of accurate data. As the data sources are primarily designed to fulfil other purposes (accreditation and time management), their codes, categories and the data that is entered will be constructed to meet these needs and will not necessarily give an accurate picture of training incidence.

Only two firms had a specific budget for training. One was a nominal amount only and was used for external training – it didn’t drive or restrict the actual amount undertaken. The other was a detailed list of the external courses they wanted to do.

The feedback from employers indicates that record-keeping in New Zealand is unlikely to differ from international firms, where cost estimates and records were described as elusive and incomplete (Freyens 2006).

5.5 Drivers and benefits of training

Only one of the interviewed firms had a dedicated human resources manager, and another used a human resources consultant part-time. In the absence of this resource, most of the employers didn’t have a formalised training plan. The one firm that did used it to outline a wish-list of external courses. This finding is similar to that of Smith and Hayton (1999) who also found limited evidence of formal approaches to training.

The employers used a wide range of language to describe their motivations for training, but essentially, all wished to improve or develop their core business and

¹⁰ For example, chartered accountants (CAs) are required to complete 120 hours of relevant continuing professional development over each rolling 3-year period, of which 60 hours must be verifiable. An online log system is provided for members to record hours – see www.nzica.com/cpdinfo.aspx.

ultimately drive the growth of their business. For example, when asked at the very start of the interview what he thought of when he heard the term 'training', instead of listing training activities or describing types of training, one employer immediately said:

It's our competitive advantage. (D hospitality, large)

Figure 9 summarises employers' reasons and drivers for training. Business growth is at the centre, indicating that, ultimately, all training would be expected to have some impact on this. The outer circles represent areas of training that are likely to have an immediate visible impact in another area but that are shown to overlap with the central goal of business growth. Examples of training activities that are likely to be driven by the outer circles are:

- strong direction, management and strategy – management training programmes and mentoring
- good individual technical skills – external courses and conferences
- legal requirements and accreditation – courses to gain liquor licences, health and safety training, professional qualifications
- consistency in internal systems and processes – internal training, mentoring and communications, induction.

The individual reasons given by the employers overlapped with the reasons identified in previous research, including the reasons cited in Dawe 2003.

Figure 9: Drivers and benefits of training



The following quotes illustrate these different drivers for training and the value that the different employers ascribed to different activities.

- Value of strong direction, management, strategy:

Our training on strategy is the most important – it's of most benefit to the company and its direction. All the other training we do falls out of this. (B construction, small)

- Value of good individual technical skills:

It's making people able to do their work and develop the business – so it's done better, more efficiently and at a lower cost. (H manufacturing, large)

- Value of meeting legal requirements and accreditation:

[We do health and safety training] because it's a big reason why people select you [to do a project] these days. (C construction, large)

- Value of consistency in internal systems and processes:

Because [our sector] is so rigid on standards, it's very, very robust what we do. We're ruthless and robust, we dictate and say 'This is what you need to do'... We want consistency and efficiency. (F professional services, small)

We train to communicate our philosophy and old-fashioned way of retailing. (E retail, large)

The employers were shown a card (Showcard D, Appendix 2) outlining some possible reasons for training. Again, this acted as a useful prompt, and they were able to respond to most items easily. The only real difficulty was the item 'in lieu of a wage increase' – not all employers were sure what this meant.

When asked how they knew whether or not training worked or whether they could see results from training, employers relied on a range of informal factors. Rather than make decisions on evidence of training outcomes or specific analysis of needs, the employers talked about using their own intuition about what was needed, informal feedback loops and reacting to issues and problems as they manifested.

Customer feedback (both positive and negative) tells us what's working. (A hospitality, small)

We know our internal training is working if we have happy staff, if they are communicating with staff and following procedures. (E retail, large)

[How do you know if training is working?]

We see progression in our staff. (B construction, small)

That's a tough question. (C construction, large)

I've got to go on my gut feeling. It's really hard to know, we don't have any tools, we can't do surveys like you can do. (D hospitality, large)

Stakeholders raised issues relating to employer decision-making about training needs and training provision. In particular, Business New Zealand expressed concern about limited employer awareness of and advice for employers on:

- what's needed within their firms – training needs analysis
- where to get the training from.

In making training decisions, the stakeholders observed that, in the absence of internal expertise on training and development, employers were predominantly being guided by employer associations. The support of ITOs was seen as patchy, depending on the industry and ITO concerned. It was highlighted that ITOs are funded to sign up trainees rather than engage with the business to look across all their development needs. The focus of ITOs is also on lower-level training courses and is not so relevant for some groups of employees.

In regards to external training providers, one stakeholder saw tertiary education provision as being largely supply driven, with not enough training providers working with businesses to tailor training to meet workplace needs.

5.6 Summary: quantifying training and drivers for training

Despite defining and discussing training primarily in relation to internal training focused on core business, when asked to quantify training, most employers related costs and quantities for external training (until prompted otherwise).

Questions on training automatically defaulted to formally recorded or easily identified training – in most cases, this was external training. Training records and budgets were only kept by some employers – information tended to be drawn from records kept for other purposes.

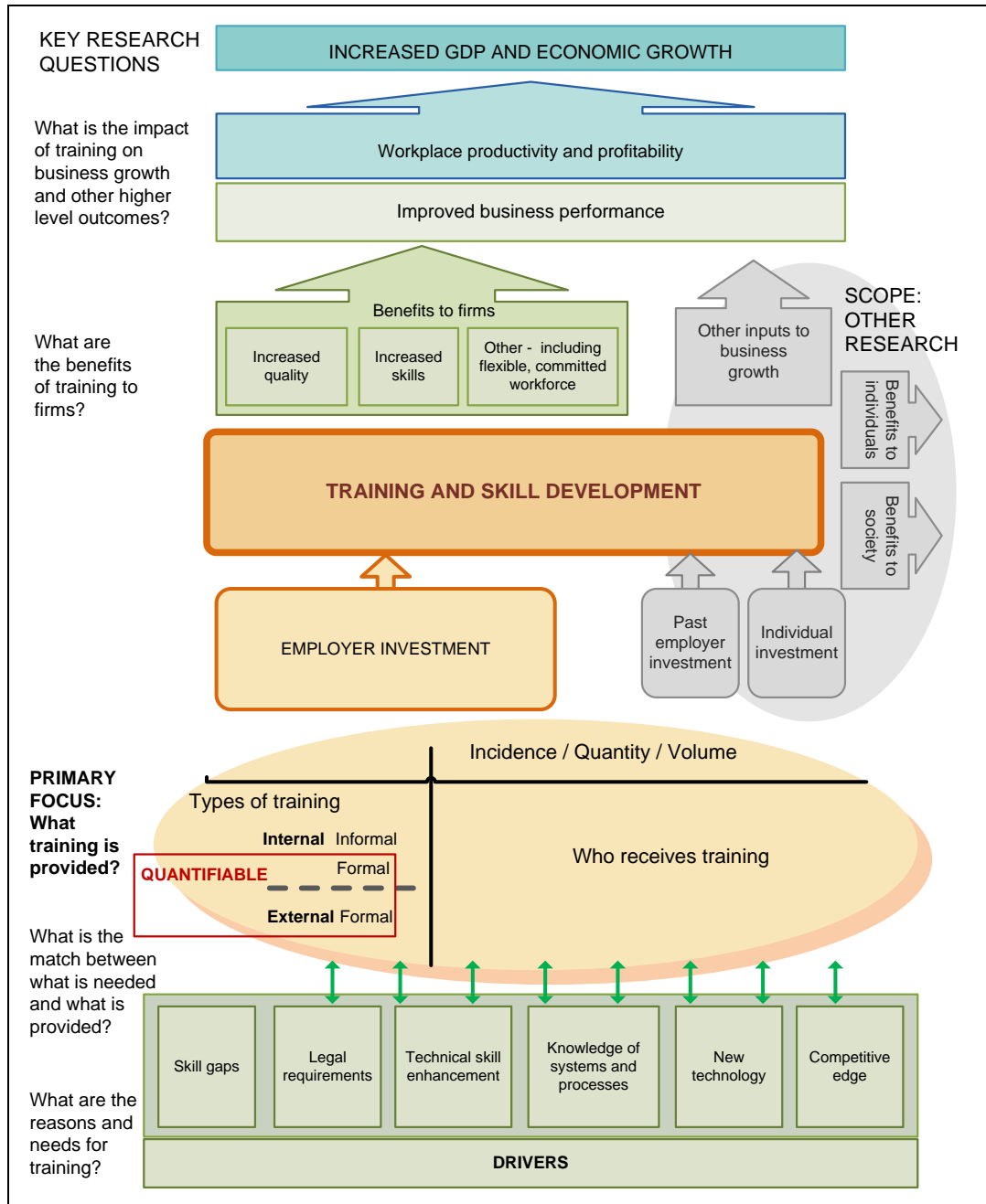
The implication of this is that, while it may be possible to accurately quantify external and formal training, capturing internal training will be difficult. In particular, it is highly unlikely that employers will be able to quantify informal internal training.

Training was ultimately motivated by a desire to improve business performance, but individual training activities were also driven by other reasons with more immediate and visible impacts. These included strong direction for the business, the need for technical skills, meeting legal requirements and the need for good systems and processes.

6 FRAMEWORK TO GUIDE FUTURE RESEARCH ON TRAINING

The framework in Figure 10 highlights key areas for future research on training, as suggested by the literature review and employer and stakeholder interviews.

Figure 10: Framework to guide future research on training



Training and skill development is central to the framework:

- The key input of interest is employer investment. (Past employer investment and individual investment also occur but are not of primary interest when investigating training and skill development within a workplace.)

- The key outputs of interest are benefits to firms. (Note that individuals and society also benefit.)

The suggested primary focus of future research is on understanding what training is provided within workplaces. Areas for investigation include:

- the types of training provided (internal – informal or formal, external – formal) – note that accurate quantification is only likely to be possible for formal training (internal or external)
- the incidence, quantity and volume of training
- who receives training (different groups of employees).

Other key research questions:

- Why do employers train staff – what are the reasons and drivers?
- What is the match between what is needed and what is provided?
- What benefits do firms gain from training staff?
- What is the impact/relationship between training and business growth and productivity increase?

7 RECOMMENDATIONS FOR THE DESIGN OF EXPLORATORY RESEARCH

This section summarises what has been learnt from the literature review and interviews and draws conclusions to make recommendations to inform further exploratory research.

7.1 Key conclusions

'Training' is a label readily understood by employers. However, both the literature review and our interviews identified a number of fundamental challenges to employer research related to workplace training, summarised in Table 4.

Table 4: Fundamental challenges to accurate measures of 'training'

Issue	Implications for research design
Unclear boundaries to 'training' – it is not always clear whether some activities (such as meetings, job rotation) count as training or not; employers will inevitably differ in what they do and don't count as training.	Research needs to be based on clear, careful and unambiguous definitions of what constitutes training.
Cognitively, some types of training come to mind much more easily. Employers may feel that they have adequately answered a question despite completely omitting some activities that they do consider training if prompted (such as induction for new staff, management training).	Prompting in terms of types and training and/or specific training activities is required both to define what is in scope (initially) and to keep the full range of training in mind when key questions are asked. This suggests a 'divide and conquer' strategy for data collection design, using lists of training types or activities. If this is wanted with a high level of detail or specificity, developing sector-specific lists might be necessary.
Cognitively, training for some groups of staff comes to mind much more easily. Respondents may focus on the group of staff receiving most training and forget to include training received by others (such as smaller groups or support staff).	Prompting in terms of groups of staff is required to keep the full range of staff in mind when key questions are asked. This suggests a 'divide and conquer' strategy for data collection design, using lists of staff types. If this is wanted with a high level of detail or specificity, developing sector-specific lists might be necessary.
Quantifying training and detailed questions relating to cost have a negative impact on response rates and accuracy: <ul style="list-style-type: none"> • Poor response rates have been achieved internationally. • Our interviews elicited inconsistent answers and indicated answers would be limited to subgroups of employees and activities. 	Questionnaire development processes need to be thorough and a range of methodologies should be tested.

Issue	Implications for research design
<p>Records of training differ dramatically between firms, industries and training types:</p> <ul style="list-style-type: none"> • Informal training is unlikely to be accurately recorded by any firms. • Training that is required by law, regulation (such as health and safety) or professional membership is much more likely to be recorded formally and consistently than other training. • Costs for external providers are more likely to be recorded by normal accounting procedures than time costs for internal training providers. • Industries where recording time accurately is important for charging services (such as accountancy) are more likely to be able to report internal training costs accurately. 	<p>Research questions asking employers to quantify training should be focused on types of training that are most likely to be accurately recorded or recalled. In most cases, this will be formal training only – potentially missing the majority of training that a firm provides.</p> <p>For quantifying amounts of training, formal records are particularly important. In smaller organisations, a single person may have sufficient overview of all staff and training to provide reasonable estimates, often from memory alone. But in larger organisations, research should anticipate that greater reliance will be placed on formal recording that will:</p> <ul style="list-style-type: none"> • systematically differ between industries both because of different laws/regulations/requirements of professional bodies and because of differing commercial needs between industries for written records (whether recording time is vital) • be based on definitions not matching those sought by the research • have gaps in coverage perhaps unknown to the respondent (for example, because the way factory staff use a recording system may differ from how human resources staff think they are).
<p>Much of training paid for or provided by employers is informal and is not well recorded:</p> <ul style="list-style-type: none"> • The nature and definition of informal training varies from employer to employer and may include group meetings, learning by experience and one-to-one tuition. • The majority of New Zealand businesses are SMEs primarily providing informal training. 	<p>Accurate feedback on informal training needs to be collected using qualitative methods such as case studies.</p>

7.2 Options for measuring training activities in firms

The focus of future research needs to be guided by clear objectives. The framework shown in Figure 10 is designed to guide decisions on research into training and skill development. The framework suggests the initial focus should

be on understanding what training is being provided within workplaces. Research to understand the drivers of training needs to be built on this foundation, followed by research to gain an understanding of training outcomes.

Our exploratory work has identified major challenges posed for systematic nationwide data collection across diverse sectors, even at the foundational level of what training is provided. The diversity of sectors suggests that collection of quantitative sector-specific training data may be more successful (accurate and informative) than cross-sector data. For example, a survey specific to the construction sector could achieve better accuracy without extreme design challenges by prompting quite specifically about the training activities of interest to the construction sector and the sector's different groups of staff.

However, sector-specific surveys with varying lists of activities and staff groups would not necessarily provide the consistent overall view of interest to the Ministry and others. Hence, we need to carefully work through the implications for cross-sector data collection, in particular:

- conceptual issues
- methodological issues.

Conceptual issues

Terminology: training and development

'Training' is clearly a central term to use in future research. It is in wide use already among employers, short and fairly flexible in meaning. Even so, some problems with the term 'training' need to be addressed:

- The boundaries around it require definition so as to elicit consistent answers from different employers.
- Even if defined in broad terms initially, 'training' can lead some employers to focus more on some types of activity (such as core skills development) rather than others (such as broader professional development).¹¹

To control the second problem, some use of a complementary term to broaden focus away from activities the respondent focuses on as training is also required (both during initial introduction of the area of interest and then later as a reminder to cover all activities of interest rather than those that just come to mind easily in relation to training). The most useful term we have found so far is 'development' used in various ways (for example, professional development or other skills development).

Classifications: keep it simple

Broad groupings of different types of training are of interest to research users (such as contrasts between formal versus informal or internal versus external training). With respect to training type, we recommend using a small number of

¹¹ With a larger sample of 40 in-depth interviews, related UK research found that employers mentioning coaching and mentoring tended to feel this light touch activity would not constitute training (Winterbotham et al. 2011). Our respondents seemed relaxed about such activities also being referred to as training, but it seemed quite possible that they might fail to include it in data collection unless it was specifically included or prompted through terms like 'professional development'.

broad groupings because more detailed divisions are likely to become confusing given their 'blurry boundaries'.

Internal versus external training is clearly a useful split that is both already in use and has a definition that is quickly grasped. In our small sample, we did not find the problem identified in UK research (Winterbotham et al. 2011) of employers defining this in terms of location rather than provider, though no doubt this view would occur sometimes with a larger sample. Our testing leaves us confident that the definition in terms of provider can be quickly and clearly grasped by those employers who may intuitively think of this in terms of location.

'On the job' may be a useful term for occasional use to help define the boundaries of training and remind respondents not just to focus on off-the-job courses that may be easier to provide answers about. However, our employer interviews warn against trying to use 'off the job' versus 'on the job' as a fundamental divide throughout data collection because employers clearly had trouble grasping the definition of 'on the job' (which we derived from the well established UK research) let alone keeping it mind clearly through extensive data collection. The need for UK researchers (Winterbotham et al. 2011) to 'make' this definition work (because it has been used extensively in major surveys) does not apply to New Zealand.

Although we did not explicitly explore the distinction between formal and informal in detail, it remains a key one to consider as suggested by the literature review. Consistent with the pattern of response from our small sample, others (both here and overseas) have often found informal training to be more common or rated as more important (Rendall 2001).

Staff groups: explicit prompting is necessary

For comprehensive data collection, explicit prompting about all staff groups is important for complete data collection (whether qualitative or quantitative). Otherwise, answers will often tend to default to covering a major group of staff central to employer thinking about training overall and exclude less focal staff groups (such as administration).

Our work suggests that such prompting simply at the start of an interview is unlikely to be sufficient. Rather, when major questions about amount of training are posed, a grid of staff groups needs to be worked through systematically.

Methodological issues

Extensive questionnaire development is recommended

Ensuring that questions, classifications and definitions will be consistently interpreted by employers of various sizes across different industries is critical for robust research. The employer interviews led to diverse interpretations of key concepts and questions, giving a clear warning that a careful development effort is needed to prevent materially misleading results from research in this area (even with semi-structured qualitative approaches, not just large-scale survey research).

To achieve this, we recommend an extensive questionnaire development phase, based on thorough cognitive testing (beyond mechanistic use of probes and encouragement to respondents to 'think aloud').

Our interviews found that questions shifting the focus from one topic to another (for example, moving from describing to quantifying training) led to inconsistent and/or contradictory answers and certain activities or groups of staff being excluded from answers. This is a well-known phenomenon that is not unique to our small sample of employers and reflects well-known aspects of psychological processing of categories. Inconsistent answers and exclusions typically result from fast, intuitive thinking when answering research questions that do not lead one systematically through carefully defined groups (such as training activities or groups of staff).¹²

The implication is that employers are most likely to provide quality feedback on 'typical' practice (what most of the firm does most of the time). Questions to elicit high-quality information for more complex questions (such as including smaller groups across the whole firm and quantification of hours) will need careful development and testing.

Other questions of specific policy interest also need to be carefully developed and tested (such as questions asking employers to rate relative importance of types of training or use of specific categories grouping training activities or employees).

Consider special data collection procedures for the very largest firms

The very largest organisations are particularly important for training research because of their large number of staff. Although we did not include any of these in the employer interviews, it is clear that many such firms will have very extensive training processes (for example, see www.ccdhb.org.nz/training/calendar.htm, which will inevitably reflect only some types of training in that organisation). It seems that it will be difficult for any single person from such a large organisation to compile a response to a questionnaire largely designed to be appropriate for smaller organisations.

Hence, in subsequent research on training, we suggest special treatment may be necessary for the largest organisations. To determine what is required, we recommend dedicating pretest interviews to very large organisations to clarify the special treatment (in terms of identifying the most useful respondents, structuring questions, designing special assistance or alternative data collection options for these organisations). Future research with very large organisations is likely to require:

- a separate sample stratum to target special treatment and maximise response rate and data quality
- separate but parallel/consistent data collection methods such as an alternative questionnaire form, one-on-one assistance (by phone or face

¹² See Kahneman (2011) for a full discussion.

to face) or multiple questionnaires sent to branches after an initial phone call to clarify appropriate split and so on.

In some instances, depth of information should be prioritised over breadth

Whether future research utilises quantitative or qualitative methods needs to be guided by the type and depth of information required.

Large-scale quantitative surveys are ideally suited for the collection of high-level information about what firms do, across all sectors. Existing surveys such as the BOS provide an ideal vehicle for the collection of high-level information that can then be linked to other information about firm performance. BOS achieves good response rates, as businesses are required to respond. However, the depth of questions is limited by the small number of questions that can be asked and limited routing options.

This report has identified a number of limitations to the collection of training data via large-scale standardised surveys. To collect more complex, rich and deep data, alternative methods are advised including sector-specific quantitative surveys and qualitative research.

Particular areas where other methodologies are indicated include:

- research on SMEs (where internal training is dominant)
- research to understand informal training across all types of business/organisation
- research to understand the drivers and outcomes of training, particularly informal training
- research on policy-specific questions.

Table 5 summarises recommended methods for future training research:

- Large-scale compulsory quantitative surveys, not primarily training focused (for example, supplements to the BOS or HLFS), are ideally suited for capturing what training employers 'typically' provide (relating to their core business, for their most visible staff). **Limitations:** restricted number of questions and routing options limit depth of investigation; results will be partial, slanted towards 'external' training; may result in misleading conclusions about linkages between training and firm performance.
- Training-specific quantitative surveys, potentially adapted to particular sectors with the option to develop questions on a range of topics including internal training, specific policy questions, quantification/costs of training and outcomes of training. **Limitations:** difficulty achieving good response rates for non-compulsory surveys; response rates and accuracy of responses tend to decrease for long and complex surveys.
- Qualitative research is recommended for added depth in areas that are complex/difficult to capture including internal training, costing of training, training outcomes and employee perspectives. Qualitative research is particularly suited to the New Zealand context where the majority of businesses are SMEs.

Table 5: Summary of recommended methods

	BREADTH		DEPTH
	← Compulsory quantitative (e.g. BOS, HLFS)	Training-specific or sector-specific quantitative	→ Qualitative (e.g. case study)
WHAT TRAINING			
Core business, visible staff – external	✓		
Core business, visible staff – internal	?	✓	✓✓
Coverage of all staff groups and activities, external and internal (beyond core/visible)		✓	✓✓
Industry specific practices (e.g. particular training activities or foci)		✓	✓
Largest businesses/organisations		✓	✓
QUANTIFICATION AND COSTING OF TRAINING			
External training (a small subset of training)	?	✓	✓
Internal training (the majority of training)		✓	✓✓
DRIVERS OF TRAINING			
Detailed information on complex policy-driven questions (e.g. providers, drivers, reasons)		✓	✓
OUTCOMES OF TRAINING			
Core business, visible staff – basic information	?	✓	
Detailed training outcomes including employee perspectives			✓✓

7.3 Final recommendations/conclusions

There is a clear need for on-going Ministry-led research into training and skill development within New Zealand workplaces to address continuity and consistency issues and inform quality policy development. Training research needs to be specifically adapted to the New Zealand context and flexible enough to obtain quality information from numerous, diverse small businesses. Better-quality information on workplace training will inform on-going policy development, ultimately benefitting both employers and employees by supporting skill development to increase business performance, productivity and profitability.

This report has identified:

- fundamental challenges and implications for training research
- options for measuring training within firms, including recommendations to address conceptual issues and recommended methods for the collection of different types of information.

The Ministry's next steps need to be explicitly informed by an agreed framework to identify and prioritise research questions. Our report includes a framework

developed from the findings of the literature review, stakeholder interviews and employer interviews. We recommend that this framework be further tested and developed by seeking the input of key policy-makers and employer and industry associations.

We recommend that further exploratory research involve extensive, thorough cognitive testing of questions, definitions and classifications. Furthermore, it should test a range of methods (both quantitative and qualitative) to collect different types and depths of information.

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APPENDIX 1: INTERNATIONAL EMPLOYER SURVEYS – SUMMARY

Australia

Employer Training Practices and Expenditure Survey

The ABS no longer runs a dedicated workplace/employer training survey. The last employer training survey – the Employer Training Practices and Expenditure Survey – was conducted in 2003 and has since been discontinued.

The survey gathered information on employer-provided training in Australia in the following areas:

- The direct costs incurred by and proportion of organisations providing structured training to employees by industry, state and employer size for both the private and public sectors.
- Methods and types of training.
- Details of training providers used.
- Reasons for training.
- Change in the level of training and factors affecting training.

The survey used a reference period of the 3 previous months instead of the previous 12 months. This was partly to reduce respondent burden and improve the accuracy of information provided. Employers were required to record all training provided to employees and the associated costs over a 3-month period.

Survey of Employer Use and Views of the VET System

The National Centre for Vocational Education Research (NCVER) runs a biennial survey – the Survey of Employer Use and Views of the VET System. The survey provides detailed information on the way employers interact with the vocational education and training system and their satisfaction with their dealings.

While the focus of the survey is strongly on accredited training and apprenticeships, questions are also asked about unaccredited training in the workplaces surveyed. The survey groups training into three types – vocational qualifications as a job requirement, use of nationally recognised training and apprenticeships/traineeships and unaccredited training. For each of these types of training, the questionnaire looks at a range of areas including:

- reasons why employers do and do not use this type of training
- whether they know where to look for information about the availability of this type of training
- percentage of employees undertaking training
- types of training providers used and main type of provider used
- reasons for using the main type of provider
- level of satisfaction with the main type of provider
- importance of training to meet the organisation's skill needs
- level of satisfaction with the training to meet the organisation's skill needs
- change in use of training in the last 12 months
- expected use of training in the next 12 months.

General questions are also asked about:

- how an organisation determines its training needs
- the current skill level of its employees
- difficulties experienced recruiting staff over the last 12 months, the reasons for these difficulties and what was done to address them.

United Kingdom

UK Employer Skills Survey and Employer Perspectives Survey

The UK has recently introduced two new skills and training-related surveys – the Employer Perspectives Survey and the UK Employer Skills Survey. These surveys are conducted by the UK Commission for Employment and Skills and are run on a biennial basis in alternate years.

The two surveys cover all of the UK and are intended to work together as a complementary series. The Employer Perspectives Survey is an external-facing survey, which looks at employers' interaction with outside support, while the Employer Skills Survey is an internal-facing survey, which explores employers' internal processes, practices and challenges in the area of recruitment and workforce development.

The aim of the Employer Perspectives Survey is to provide a robust evidence base to inform policy-makers and those responsible for improving service delivery. The survey mainly examines employers' awareness and use of and satisfaction with a wide range of government services, initiatives and organisations.

The 2011 UK Employer Skills Survey (UK ESS) is the first UK-wide employer skills survey. It has replaced the:

- National Employer Skills Survey in England (NESS)
- Scottish Employer Skills Survey (SESS)
- Northern Ireland Skills Monitoring Survey (NISMS)
- Future Skills Wales Sector Skills Survey (FSWSS).

Questions

The UK ESS contains a section on workforce development within a wider survey that also covers demand for skills/skill gaps and retention and recruitment difficulties. The survey distinguishes between:

- on-the-job training (Have you arranged or funded any in the past 12 months?)
- off-the-job training (Have you arranged or funded any in the past 12 months?)
- other development activities, which are described as supervision to ensure that employees are guided through their job role over time, providing opportunities for staff to spend time learning through watching others perform their job roles and allowing staff to perform tasks that go beyond their strict job role and providing them with feedback as to how well they have done.

However, despite asking about other development activities, the survey only asks respondents to quantify the average amount of on-the-job and off-the-job training activities arranged for each member of staff.

In defining the type of training, a question is also asked about the subject matter of the training.

A further interesting feature of this survey is that it asks firms about their planning processes for training:

- Does the firm have an annual training plan?
- Does the firm budget for training expenditure?
- What proportion of staff have formal job descriptions?
- What proportion of staff have an annual performance review?

Workplace Employment Relations Survey

The Department of Business, Innovation and Skills (BIS) also runs a broader survey of people in work in Britain – the Workplace Employment Relations Survey (WERS). The survey collects data from employers, employee representatives and employees in a representative sample of workplaces. It has been undertaken five times – in 1980, 1984, 1990, 1998 and 2004. Fieldwork for the sixth WERS is expected to be completed by mid-2012.

The survey investigates a number of areas including how learning and training activities are undertaken.

An interesting feature of the training-related questions for employers is that they are only asked to respond in relation to the largest group of employees for the enterprise. Training questions also followed on directly from a set of questions about vacancies and recruitment practices and were followed by questions about flexible use of labour. Specific training questions focused on:

- how many had been given time off during normal daily work to undertake training
- how many days on average
- the subject matter of the training (list provided)
- employers' objectives for providing the training
- how many/what proportion of employees are formally trained to do jobs other than their own
- how many/what proportion actually do jobs other than their own as least once a week.

Canada

Workplace and Employee Survey

The Workplace and Employee Survey (WES) was designed to explore a broad range of issues relating to employers and their employees. The survey aims to shed light on the relationships between competitiveness, innovation, technology use and human resource management on the employer side and technology use, training, job stability and earnings on the employee side.

Piloted in 1996, the survey was intended to be a longitudinal research series with an annual survey but was last carried out in 2006. The last wave of WES data was released in 2009 and only included employer data, as the employee portion of the survey was not conducted.

Employers and employees were linked at the micro-data level, with employees being selected from within sampled workplaces. Thus, information from both the supply and demand sides of the labour market was available to enrich studies on either side of the market.

The WES captured comprehensive data on workplace and employee characteristics, including questions on training. Training questions were structured around the distinction between classroom training and on-the-job training provided by the employer over the past year. It is of note that the survey did not attempt to quantify on-the-job training.

Questions related to classroom training included:

- what types of training were provided (subject matter)
- how many employees received classroom training
- sources of funding for classroom training (subsidised – government, employees, trade unions, industry organisations, other groups)
- total training expenditure
- what types of expenses were included in the estimated expenditure
- whether the volume of training for the category of employees with the largest number of employees changed
- whether employees are reimbursed or assisted for training taken outside paid working hours and if so, how many were.

Questions related to on-the-job training were:

- what types of training (subject matter – same list as for classroom training question)
- how many employees received on-the-job training.

European Union

Continuing Vocational Training Survey (CVTS3)

Eurostat and EU Member States also conduct an enterprise-based training survey at the country level using a common survey tool – the CVTS. The survey has been developed and adapted several times since 1994. The current version of the survey is referred to as the CVTS3. Countries that participate in this survey include all EU Member States as well as Norway.

The purpose of this survey is to collect key data on vocational training provided by enterprises for their employees. The aim of the survey is to generate a high-quality data set on the continuing vocational training activities of European enterprises in order to gather information on enterprise competitiveness and workforce employability. Key areas of interest and analysis include:

- labour skills supply and demand
- forms, fields and volume of training offered and training needs

- enterprises' own internal provision of vocational training as a function of that provided on the external market
- training opportunities of disadvantaged groups
- costs of enterprise-based vocational training
- effectiveness of public funding initiatives.

The scope of the survey is limited to surveying continuing vocational training, which is limited to structured training activities and defined in the following ways:

- The training must be planned in advance.
- The training must be organised or supported with the specific goal of learning.
- The training must be financed at least partly by the enterprise.

In-scope training activities and training participants include:

- training activity that is the result of a decision by the enterprise – this will normally be made by the employee's direct manager or the general management of the enterprise
- training where the primary objective is the acquisition of new competencies or the development and improvement of existing competencies
- training provided to employees, volunteers and dependent contractors
- activity, event or sets of activities that can be identified as a specific and separate period of training rather than an on-going activity that cannot be distinguished from work
- training that involves a training mediator (either a person or equipment for training purposes).

Out-of-scope activities and training participants are:

- routine work-adjustment training (induction – basic familiarisation with the job, organisation or working environment) and routine information provision
- individuals undertaking initial vocational training (apprenticeships, trainees), unemployed workers not being paid by the organisation or independent contractors or workers who have a work contract with another firm (such as building cleaners).

APPENDIX 2: TOPIC GUIDE – EMPLOYERS

Defining and measuring training/development

- **Introduction:** First step in developing research about the range of training and development activities that employers invest in. Takes about 1 hour. Anonymous – we will not report your name or your business name.
- Permission to record
- **Background:** First please tell us a little about the firm and yourself. What's your role here? How many employees? How long have you been in that role?

What: identifying activities

[Warm-up exercise: Windows in your house.]

All workplaces

What do you think of when you hear the term 'training'?

- What sort of activities come to mind? [Write on small cards.]
- What different types of training can you think of? [Examples of how employers naturally categorise training.]

Are there any other activities that you do or support as an employer to develop skills and knowledge?

- What are your reasons for not seeing that as training?
- Are there other words you would use to describe these sorts of activities? [Establish label to repeat later for relevant non-training activities, eg 'development'.]

This workplace

[Now thinking about both training and other development activities.]

What are all the different types of training and other development activities that have happened here in the last couple of years?

[Instruction: You may like to use a similar process to the windows in your house exercise – think about training and development activities for different parts of the business or different groups of employees.]

What: grouping activities

Different organisations classify training in different ways. We now want to explore some of these with you. We have written the different activities you mentioned on some cards.

Eliciting categories

Which two of these activities are the most similar? Please move the cards around to put similar types together, and talk us through your thoughts as you move them.

[Note: Common employer distinctions – who delivers the training, the location of the training, the outcome (eg qualification), the learning method.]

Testing categories

Now we want to explore your understanding of other distinctions that are sometimes used.

External/internal training

- What do you understand by the expressions 'external' and 'internal' training and development?
- How would you group your organisation's training activities under each? [Note whether defined by provider or location. If some are both, write a new card which distinguishes external versus internal.]
- Do the following definitions make sense? External and internal [Showcard A].
- Is it possible to group the training activities using those definitions?

On-the-job/off-the-job

- What do you understand by the expressions 'on-the-job' and 'off-the-job' training and development?
- Do the following definitions make sense? On-the-job and off-the-job [Showcard B].
- Looking at the internal training activities you have grouped together, which of these are provided on the job and which are off the job?
- Now looking at the external training activities, are any of these activities provided on the job?

Other groupings

- Looking at all the training and development activities here, can you group these activities as developing firm-specific knowledge or skills as opposed to general skills?
- [IF NEEDED] An example of firm-specific is training in a computer program that is only used by that one firm.
[Reminder: record related categories or variants they mention carefully, eg seeking something intermediate like occupation-specific.]
- Now we would like to ask you some questions about the mix of training activities you have in your workplace.
- Is any of this training a legal requirement (regulatory or licensing requirements to meet industry or occupation standards).
- Are any of these activities ones that this workplace does not provide, pay for or contribute to? We're looking for activities where the firm does not pay for work time or provide equipment/materials.
- What do you see as the most important or valuable training and other development activities? What makes those more important or valuable? Least important/valuable?
- [IF NEEDED:] Are these mainly internal or external? Mainly on the job or off the job? Mainly particular topics?

Who?

Thinking about all of your staff, including managers and owners:

- What different groups of staff get different types of training (or other development).
- Do some staff get more training than others? Which kinds of staff are they?
- [IF NEEDED] What about new staff, or staff changing roles?
- Last year, how many people in your organisation got training or other development that the firm paid for or contributed to?
[Ideally record in grid: training types x staff groups]
- What were the main activities provided? What reasons led to these activities being the main ones?
- Do you provide training to anyone other than paid staff?
[Test: contractors, volunteers, unpaid family, interns.]

Training planning and decisions

- How do decisions about training get made here?
[Use cards to elicit practical examples, eg choice about particular mode of training, triggers for training.]
- [IF NEEDED] Is there regular analysis of training needs? How does this occur (eg performance management)?
- Is there a training and development plan?
- Does your organisation set a training budget? How detailed is that?
- What do you record about training?
- Do you formally record training activity? How?
- If asked in a survey, how hard or easy would it be to provide information on the amount of training per employee (staff time taken)? costs in each of these categories? [Showcard C]

Training outputs

- What are the results that you expect from training (specific examples).
- Do you measure impact of training? If so, how do you assess this?
- What types of training or other development have the greatest impact for the firm?
- Best 'bang for the buck'? [Differs from greatest impact, because weighing up cost.]

Training providers

- Who are the main training providers that you use? [PROBE: ITOs or TEOs?]
- Why do you use or work with these particular providers?

[Only if time allows]

Reasons for provision of training

- What are the reasons that your organisation trains and develops staff?
[PROMPT: Here are some other reasons why employers choose to invest in training and development of their employees. [Showcard D]

- Which of these are the most important reasons for training for your organisation?
- [Does this list make sense to you? Are there other reasons for training that you don't see listed here?]

[Thank and end, turn recorder off.]

[Exclude, unless useful as prompt.]

Subject matter/competencies acquired

Another way people tend to classify training is based on the subject of the training. Here is a list of training areas that have been used in surveys in New Zealand and overseas. We would like to explore how easy or difficult it is for you to answer this question:

- In the last financial year, did this workplace pay or provide for employees to participate in training or development activities in any of the following areas? [Showcard E]

Showcard A

Internal training	Training that is delivered by employees of the company rather than by external providers, regardless of where the training takes place.
External training	Training using a training provider external to the organisation, regardless of where the training takes place.

Showcard B

On-the-job training	Activities at the individual's immediate work position that would be recognised as training by the staff, and not the sort of learning by experience which could take place all the time.
Off-the-job training	Training away from the individual's immediate work position, whether on your premises or elsewhere.

Showcard C

Fees and payment to training organisations
 Travel and expenses paid
 Labour cost of internal trainers time
 Training equipment/materials or purpose-built training location
 Paid leave
 Paid work time while training

Showcard D

Regulatory or licensing requirements
 Maintain professional standards or meeting industry standards
 Improve employee safety in the workplace
 Improve quality of services/goods provided
 Respond to new technology
 To improve competitiveness
 Develop a more flexible workforce

Build commitment to the company
In lieu of a wage increase

Showcard E

Orientation for new employees
Sales and marketing
Customer service
Management/supervision
Professional/technical skills
Apprenticeships
Other trade-related training
IT/computer use
Other equipment and machinery use
Team-building/group decision-making
Personal development and working life
Occupational health and safety, environmental protection
Communication
Literacy or numeracy

APPENDIX 3: TOPIC GUIDE – STAKEHOLDERS

We would like to gather your views in the following areas:

- In regards to training and workforce development activity in New Zealand firms, what are the information gaps and needs that you would like to see addressed?
- In your view, what should a regular survey on training and workforce development activity in firms measure?
- Are there important distinctions commonly used among employers to classify types of training that you would like to see used in research (eg on-the-job/off-the-job or subject matter of training)? Why is this important to understand these distinctions?
- What are some of the key differences you observe in employers' investment in training in terms of the mix of activities, volume and reasons why employers train? Do these differences relate to particular industries, firm size or other firm characteristics?
- Are there some development activities that you think are of less interest or should be excluded from measures of training activity (eg first aid courses, induction, learning by experience, product installation training)? Why is that?
- Is it important to understand different levels or types of training different groups of employee receive? Are there employee categories of particular interest (eg managers, new employees, part-time or fixed-term employees)?
- Do ITOs, tertiary education providers and trade unions influence the type or volume of training that occurs in some firms? In what ways?

⇒ More information

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