

Precarious and Insecure Employment and Employer-supported Training in New Zealand

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Introduction

In addition to enhancing productivity and organisational performance, education and training are known to enrich the skills and, in turn, the employability and earnings of employees. Nevertheless, while skills development is critical to building a productive workforce and achieving sustainable, quality growth, employers' willingness to fund employees' education and training varies significantly across the labour market. This study highlights disparities in employer-supported education and training across industries, occupations, and worker demographics in New Zealand. Its findings point to how changes in the nature of employment and working arrangements are likely to impact skills development in the future.

Existing research

As anticipated by human capital theory (Becker 1962; 1993), the empirical literature suggests an investment in employee education and training is positively associated with the expected returns from that investment (e.g., Blundell et al., 1996; Booth & Bryan, 2005; Booth & Katic, 2011). It follows, therefore, that an employer's investment in education and training will vary according to the attributes of its employees as well as by characteristics of the workplace and the job itself. For instance, males are generally more likely to benefit from employer-supported education and training than women (Booth, 1991; Long et al., 2000; Dieckhoff, & Steiber, 2011), and younger workers are generally more likely to receive such education and training than older workers (Shields, 1998; Long et al., 2000; Xu & Lin, 2011). Recent immigrants, too, have been found to be disadvantaged in terms of skill development in general (Chiswick, et al., 2005; Barrett et al., 2013)

Higher education and qualifications increase the likelihood an employee will receive employer-funded education and training (Shields, 1998; OECD, 1999; Draca & Green, 2004; O'Connell & Junglut, 2008). There is likewise evidence that employees in occupations requiring a higher skill level are more likely to receive skill development which is supported by their employer than those in jobs with low skill requirements (Booth, 1991; Draca & Green, 2004; Long et al., 2000). The industry in which one is employed has also been identified as a factor affecting the accessibility of employer-funded education and training. Those employed in the public sector, for example, are known to receive more employer-funded education and training than those employed in the private sector (Shields, 1998).

Prior research also indicates that employers are less inclined to make long-term investments in employees who are likely to discontinue their employment (Long et al., 2000). In this regard, the likelihood of an employee receiving employer-supported education and training has been found to be lower for those who work on a part-time basis than for those in full-time employment (Booth, 1991; Blundell et al., 1996; Draca & Green, 2004; Maximiano and Oosterbeek, 2007). Similarly, the probability of receiving training has been found to increase with the number of hours worked (Oosterbeek, 1998). As such, temporary or limited-term employees are less likely than permanent employees to benefit from employer-sponsored education and training (OECD, 1999; Draca & Green, 2004). Finally, the probability of receiving employer-funded education and training has been found to be positively correlated with both job tenure and union membership (Shields, 1998; Draca & Green, 2004).

Methodology

This research is based on the Survey of Working Life (SoWL), conducted as supplement to Statistic New Zealand's Household Labour Force Survey (HLFS) in the March 2008 quarter and again in the December 2012 quarter. The SoWL questionnaire comprises items related to the conditions under which the respondent is employed, the nature of their employment, their working arrangements, quality of working life, and job satisfaction. It also includes items pertaining to the respondent's gender, educational attainment, ethnicity, immigration status, and other personal characteristics. The key relationship on which this study focuses is that between insecure work and employer-funded education and training. To test this relationship, a logistic regression model was used to estimate the likelihood of staff receiving employer-sponsored training in the previous 12 months.

Findings

Results of this analysis point to the conclusion that employer funding of training and education in New Zealand varies according to the nature of the employee's employment relationship. Not surprisingly, permanent employees appear to be the most likely to benefit from employer-funded skills development. These findings also suggest that employees in New Zealand are more likely to get employer-funded education and training if they are employed in secure work, are union members, or are more highly educated or qualified. Employees who are least likely to receive employer-funded education and training include those on 90-day trial periods, temporary, or seasonal employees, fixed-term, casual and temporary agency employees, non-union, or over 55 years of age.

These findings also suggest that males are significantly more likely to benefit from employer-sponsored training or education than are females. This gender effect, however, varies according to age. For instance, estimates from this analysis suggests that males between the ages of 15 and 19 are more than five times as likely to have received employer-funded training or education in the last 12 months than are males between 70 and 74 years of age. Employer-funded education and training also appears to vary considerably across sectors and industries, with employees in the public sector being far more likely than those in the private sector to have benefit from such skill development in the previous 12 months. Across the labour market, though, employers appear to be more willing to provide funding for training and education of their employees in the 12 months to December 2012 than in the 12 months to March 2008.

Findings from this study enhance our understanding of the factors associated with New Zealand employers' decisions to invest in employee skill development and the types of employees who receive that education and training. These findings also identify groups of workers with low rates of participation in work-based learning and shed light on problems associated with continued reliance on employer-funded training as a means of skill development in an era of greater precariousness and job insecurity. In general, results of this analysis support the proposition of human capital theory that, employers in New Zealand are generally reluctant to fund skills development because they face the risk of not being able to capture most of the returns accruing from an investment in human capital that may instead benefit competing organisations. Coupled with the inability of many employees to finance their own education and training, this points to failure of the market to meet the skill development needs of both employers and employees.

These results further suggest that a shift towards relatively more precarious and insecure work may have significant implications for training and skills development in this country. To this end, insights derived from this research are also important for dual (or segmented) labour market theory, which characterises the secondary sector as encompassing peripheral jobs with short-term employment relationships, little or no prospect of advancement, and little or no employer investment in skills development (e.g., Doeringer & Piore, 1971). For instance, if employers concentrate their training efforts and expenditures on their core workers, an increasing share of the workforce will receive little, if any, employer-sponsored skill development. Hence, to the extent to which vulnerable segments of society find themselves disproportionately among those in precarious and insecure employment, the trend towards less employer-sponsored education and training likely exacerbates longstanding inequalities in the labour market.

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