Enterprises and VET: Expenditure and expected returns

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Governments are encouraging enterprises to enhance their expenditure on vocational education and training to assist with maintaining and developing further national skill bases, while sharing the cost with those enterprises. However, there are clear differences between what government intends and enterprise practice. This paper reports a review of the recent literature which focuses on the expenditure by enterprise on vocational education and their interest in securing returns on that expenditure. Enterprise expenditure is far from uniform and is influenced by factors including their size, speciality and location. Moreover, enterprise interest on returns on their expenditure is focused on goals which are of a different kind from those of government and may not be aligned to achieving long-term national goals of maintaining and developing the skilfulness of the workforce.

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Introduction
This paper presents the findings of a review of recent literature which addressed the returns to enterprises from their expenditure on vocational education and training. The review was mainly of Australian literature, as the analysis aimed to address this issue in the context of a national policy appraisal. Studies from North America and Europe were used where gaps in the local literature warranted their inclusion. The findings are presented under two headings: Enterprises and expenditure in VET, and Enterprises and returns. The expenditure by enterprises on training is analysed through the variables of size, specialisation and location; categorises which were synthesised from the literature. These variables are held to influence: (i) the enterprise commitment to formal provisions of vocational education and training (VET); (ii) perceptions about the utility of training; (iii) the consequences of enterprise needs being furnished either by the publicly funded VET system or through enterprise sponsorship and; (iv) whether the location of VET institutions permit them to provide appropriate programs. Perhaps not surprisingly, enterprises’ expenditure on training is focused on the skills and knowledge that are relevant to their particular needs. However, within national policy, a principal goal is to increase the quantum and quality of VET, albeit through emphasising the preparation and development of the nation’s workforce within enterprises. However, severe imbalances may occur in addressing this goal if the focus and distribution of enterprise expenditure remains uneven. Moreover, the current indications are that the enterprise commitment to training is stalling, which has the potential significant long-term consequences for the national skill base.

Interest in securing information about the returns on expenditure on training differs widely. Government appears more interested in securing cost-benefit analyses (CBA) than enterprises. This interest is associated with seeking their policy goal of encouraging enterprises to ‘invest’ in training. Little interest was identified in enterprises securing detailed information about their returns on training expenditure. Instead, it seems that large enterprises are more likely to be interested in VET securing work performance and strategic goals than precise and detailed accounts of returns. Enterprise decisions about expenditure on VET are often handled as an annual budget item, or as an act of faith, without any detailed analysis or evaluation of benefit. This is not an issue for smaller enterprises as they seem to hold a belief that expenditure on training is not worthwhile anyway, which explains their reluctance to participate in VET. A range of CBA models is proposed in the literature. However, many of these models appear overly ambitious or impractical. Given the lack of interest by enterprises
in or practising quantifiable CBA, practical models which assess returns upon a few important variables may be those most welcomed by enterprises. Overall, it is proposed that, with the decline in enterprise commitment to training, policy goals of increasing the quantum and quality of VET may not be met within a policy framework which emphasises a market-based and enterprise focused approach to vocational education and training. Rather, a support and facilitative role by government is likely to be required for enhancements to both quality and quantity.

**Context**

The need to become more internationally competitive has resulted in a policy focus on the development and upgrading of the skills required for workplace performance. In both the United Kingdom and Australia, VET policy holds that for enterprises to be import-competing and export-oriented they have to respond quickly to market demand for innovative products and services. This ability is premised upon a skilled and adaptable workforce thereby placing increased value on the knowledge and skills needed by enterprises to successfully respond to market demands (Burke et al 1994). Moreover, in Australia, policy has sought to encourage participation in skill development through emphasising links between productivity and remuneration within micro-economic reform. This has included mandating training arrangements in restructured industrial agreements. Initiatives were enacted also to encourage a greater portion of the cost of training to be borne by the private sector (Deveson, 1990). The introduction of the now defunct Training Guarantee Scheme in 1989 was one such initiative. It aimed to encourage equity in the contribution by enterprises to the development of the nation’s workforce through a commitment to their employees’ skill development. This ‘contribution’ was initially set at 1.5% of payroll, for all enterprises with more than approximately eight employees. Enterprises’ contribution to workers’ skill development was held by government to be an ‘investment’ by the enterprise’s in its skill base, rather than being a cost. The policy proposed that, if all enterprises were to contribute in this way, the nation’s skills base would be maintained and developed with the burden being shared equitably across all enterprises. However, the ‘investment’ argument was not accepted by business who lobbied successfully that the Scheme was an impost that enterprises could not afford.

It seems that factors other than those proposed by government are influencing training expenditure. For example, Billett (1994a) reports that in a sample of enterprises, training was valued not only for its ability to develop skills and knowledge associated with specific vocational goals. It was also valued for its ability to assist with workplace change and broad
goals such as the development of employees’ skills in decision-making, teamwork and continuous improvement. Similarly, Wolf (1996) reports from research across OECD countries that employers will pay for the development of current specific skills and some generic skills that will lead toward achieving the enterprises’ strategic goals. The car manufacturer Ford also views their expenditure on education and training programs as the means of supporting organisational restructuring (Miller 1996). Yet these interests are quite enterprise specific thereby questioning the associations between enterprise goals and those of government associated with enhancing both the quality and quantity of VET with national strategic objectives in mind. The recent literature associated with this topic provides useful insights to understand further the degree to which enterprises of different sizes, speciality and location expend funds on VET and what motivates that expenditure. This literature also informs about the degree of interest in measuring the benefits of training. The review also leads to questions about the effectiveness of policies which aim to encourage both the development of the nation’s workforce through workplace provisions and which increasingly attempt to place the cost of this development within enterprises. There is clearly tension between policies which have a strategic long-term objective, yet which are premised on market-based and deregulated policy practice. The evidence suggests that this practice may not result in the increases in the quantum and quality of training that were proposed with potential negative consequences for the maintenance of both enterprise and national goals of a skilled workforce.

Method
Using the criteria provided in the project brief, a review of literature was undertaken which was post 1990, largely focused on Australia and aimed to represent enterprise perspectives. From a review of some of the key papers, a framework for analysing the literature was generated comprising Enterprises and investment, and Enterprises and returns. The literature was examined to determine: (i) what the study or studies examined (purpose); (ii) their approach (method) and focus; (iii) their findings; and (iv) how these related to the analytical framework. This process aimed to account for the work that has been undertaken, draw conclusions from what has been found and identify areas of further refinement as well as those for fresh inquiry.

Government interest in expenditure (investment) by enterprises in vocational education and training provided a basis for the analysis. As foreshadowed above, this interest is linked to the

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dual policy goals of attempting to increase the quantum of national VET activity and to transfer the cost of that provision to the enterprises which derive benefit from VET. Reference to VET in this paper encompasses both ‘formal’ (e.g., participation in accredited courses or courses organised by enterprises) and also ‘informal’ (e.g., learning on-the-job) provisions, although the majority of the research has focused on surveys and case studies of formal provisions. In the sections which follow, the analysis of recent research literature is presented under two headings: Enterprise expenditure on VET, and Enterprises and returns.

Enterprise expenditure on VET
The expenditure by enterprises on training remains uneven across and within industry sectors. Some enterprises will or are expected to bear the full cost of training while other enterprises’ skill development are furnished through programs funded largely from the public purse (Moran 1994). However, all enterprises, whether they intend it or not, make a contribution through the provision of learning experiences which are often referred to as ‘informal’ (Misko 1996, Guthrie & Barnett 1996). Participation in structured entry-level training (e.g., apprentices and traineeships) which includes both on- and off-the-job experiences is another kind of contribution with apprentices not always covering the costs of their employment (Dockery, Koshy & Stromback 1996). A key change that has taken place in VET provisions in countries such as Australia and New Zealand which needs to be acknowledged. Public utilities, such as railways, power generation and transmission departments, have traditionally provided more apprenticeships than their needs warranted thereby contributing to the pool of available skilled workers. Recently, this community service has largely ceased as these utilities have become corporatised and/or privatised. The provision of an internal training role, comprising staff and facilitates dedicated to training, represents another kind of expenditure which often results from particular enterprise needs (Billett, 1994a). However, in order to understand further the variables which influence enterprises’ expenditure on training, categorises of (i) size, (ii) specialisation and (iii) location are used.

Size
The literature indicates that larger enterprises typically expend more on VET than smaller enterprises (Baker & Wooden 1995, Burke 1995, Sloan 1994). The evidence suggests simply that the larger the enterprise the greater the likelihood of it expending funds in VET. In data gathered by the Australian Bureau of Statistics (ABS) (1995) it is reported that 97% of businesses with more than a hundred employees and 79% of enterprises with between 20 and 99 employees reported expenditure on training. However, only 18% of small businesses, those with fewer than 20 employees, reported expenditure. Using this data, Gibb (1997)
claims that 82% of small businesses, which comprise 50% of the private sector workforce, do not spend money on training.

Admittedly, this evidence reflects ‘formal’ VET provisions and may not fully account for the ‘informal’ VET provisions which occur in both small and large enterprises. However, this data presents a stark picture of the differentiation in those enterprises that expend funds on training. Yet other differences exist which are not evident in the ABS data. For example, Baker and Wooden (1995) report that large firms provide more training in management and support functions than small firms who focus their training on activities which are directly related to increased production of goods or services. Catts (1996) also found that the formal training employees received in four small to medium sized enterprises (SME) was highly specific, provided by product suppliers (vendor training) and took the form of product knowledge sessions and training concerned with the installation, maintenance and repair of specific equipment.

The ongoing low level of expenditure on training by small businesses, who are the key employers in Australia, presents a difficult and enduring problem for policy makers. Factors such as the required level of skills (Baker & Wooden 1995), lack of incentive (Wooden & Baker 1996), other priorities (Catts 1996) and a preference for recruitment rather than training (Coopers & Lybrand 1994, Misko 1996, Sloan 1994) are proposed as reasons why smaller enterprises do not invest heavily in VET. A contributing factor is a lack of knowledge within small business about training activities and networks (Baker 1997, Callus 1994, Smith 1997). Guthrie and Barnett’s (1996) study reports a lack of understanding by enterprises about the formal accreditation of training programs and highlights perceptions of excessive bureaucracy associated with formal training provisions. Schofield (1994) and Callus (1994) suggest these imposts have discouraged some enterprises from participation in the formal training process. Compliance costs for apprenticeship are also reported as falling disproportionately on small business (Cabalu, Doss & Dawkins 1996). However, when incentives for work-based training were offered few small businesses made use of them (Misko 1996). Given governments’ ongoing interest in maintaining and developing small business as a key sector of the economy, further work is required to determine how best the impasses which inhibit small business involvement in VET can be overcome. Such work may well benefit from examining the local-regional professional/ occupational support strategies that have been adopted in countries such as Germany and Austria. These arrangements emphasise voluntarism of a kind which is reminiscent of the community obligation in which large private and public sector enterprises used to engage.
The form of participation in training most commonly reported by enterprises is unstructured on-the-job training with this type of training being significantly low only in enterprises with fewer than 10 employees. 78% of workers in these size enterprises reported receiving informal training compared with 84% of workers in large enterprises (ABS 1993, Baker & Wooden 1995). Misko (1996) also reports that a majority of small enterprises surveyed indicated that although they were not involved in any formal work-based training, practical training was provided by experienced employees who explain, demonstrate and supervise as new employees learn their tasks. The importance of informal training at enterprise level has not been fully recognised and is undervalued (Guthrie & Barnett 1996). In one study (Billett 1994b) the benefits of expenditure on formal training in one enterprise were overshadowed by the reported contributions of everyday learning in the workplace guided by experts and others in the workplace.

However, an emerging concern is that the interest in training by small to medium enterprises is not being sustained in new enterprise-based industrial agreements. Callus (1994) reporting the results of a study of 119 enterprise agreements covering fewer than 20 employees found that only 44% of agreements made any reference to training compared with 69% of agreements covering 20 employees or more. Misko (1996) concluded that the provision of formal work-based training is not widespread in Australian enterprises. Smith (1997) also reported low levels of training provisions in enterprise bargaining negotiations among the enterprises. Moreover, similar but more comprehensive and alarming findings are reported by Guthrie and Barnett (1996). Only one third of 1913 recent enterprise agreements they examined mentioned training arrangements and only a quarter of these agreements referred to structured training. When this data is added to the downturn in apprentice numbers in some Australian states (e.g., Victoria’s 40% decline in apprenticeship numbers between 1990 and 1994) and the emerging preference by employers for one-year traineeship arrangements in preference for three or four year apprenticeship programs a disturbing picture emerges of a significant decline in the commitment by enterprises to expenditure on training (Billett, Cooper, Hayes & Parker 1997). Together, these data suggest that enterprise commitment to training is stalling.

**Specialisation**

Enterprises make different levels of contribution to their skill development needs based on their specialisation. Those whose training needs can be met by the existing publicly-funded VET provisions, which are dominated by particular industry groupings (e.g., metals,
construction, hospitality), are required to make a lower level of contribution than those enterprises whose specialisation is outside these provisions (Moran, 1994). The obvious inequity of some enterprises sponsoring the public provision training of other enterprises skill development through taxation-funded programs is of concern. This iniquity in VET provisions, may also result in enterprises within strategically important or emerging industries being expected to make higher levels of contributions to VET, thereby potentially inhibiting the development of these industries (Curtain 1996). Consequently, the development of the very skills which should be a national priority may be inhibited. Equally, inequities in demands upon enterprises may well suppress levels of VET activity, with recruitment and in-house preparation being preferred (Curtain 1996). An issue for national policy arising from this situation is whether the different levels of expenditure being expected of enterprises influence their contribution. This raises the question of whether national goals for the maintenance and development of a skilful workforce are best addressed by arrangements which favour one industry sector over another based on historical grounds.

**Location**

In a vast country such as Australia access to publicly-funded VET provisions is not evenly distributed. Hence, the location of enterprises is likely to influence decisions about their expenditure. For example, enterprises in remote locations or those which are distant from appropriate publicly-funded VET programs may have to make a high level of expenditure on training given the costs associated with these provisions or else recruit the required skilled workers from the labour market (Tasmanian FITB 1993). Given, that many key exporting enterprises are based in remote localities (e.g., mining and secondary processing) this may be a factor in how and to what degree they expend on training. It seems that these enterprises will expend funds on training when training is needed to secure core business goals, which are often enterprise-specific (Baker & Wooden 1995). For instance, because of problems with moving skilled labour into provincial centres, a number of key infrastructure projects (power station) and enterprises (secondary processing) have elected to develop the skills of local people. This expenditure, which has been quite extensive in some cases, has been required because of the location and the shortage of skilled workers in the particular location.

**Discussion: Enterprises and investment**

Consistently, it has been shown that the larger the enterprise the more likely it will be making significant expenditure. Small business investment seems to be inhibited by the nature of its activities, uncertain viability, beliefs about low skill levels and the lack of incentives for small business workers. The literature suggests that where a skills gap is recognised within an
enterprise, action will be taken to rectify the problem. However, the solution may be sought in the labour market rather than through an expenditure on training. That the majority of small businesses are not involved in formal training is a threat to policy objectives associated with making Australian workplaces more productive. This is particularly the case when these objectives are premised on enterprises playing a key role in the maintenance and development of the nation’s skill base. There will be ongoing interest by government in the small business commitment to training given the significant role they play in the labour market. The findings reported above suggest that unless fundamental shifts occur in the beliefs of small business owners, national goals may remain unfulfilled. Support structures as proposed by Catts (1996) may provide a basis for further activity. Rather than being persuaded, if small businesses are able to experience the benefits of training more directly they may well take greater interest. It seems that ‘informal’ training provisions are common to small enterprises and should be encouraged as an approach to learning which best suits their needs. Therefore, approaches which aim to maximise the potential of these ‘informal’ learning experiences need to be identified and trialled in workplaces. Perhaps the work done in Germany, Switzerland and Austria where small enterprises’ training needs are supported by guild-based training consultants might be worth examining in greater detail (OECD 1994). Yet beyond small business it seems that, with the removal of regulations (e.g., the Training Guarantee Scheme), the shift away from mandation (e.g. provisions in restructured industrial awards which countenanced training provisions) and the decline of regulations (e.g. movement to enterprise-based industrial arrangements) that the overall commitment to and expenditure in VET has declined. What appears to be lacking is something akin to the community obligation which once influenced enterprises’ attitudes towards VET in a more positive way.

Speciality is also likely to influence VET expenditure. Pre-employment courses and apprenticeship programs largely funded at public expense provide a ready labour market for some enterprises. However, the specialisation of many enterprises falls outside the public provision. Hence, they have to make decisions about whether they will sponsor their own training provisions. In a similar way, enterprises in remote locations are likely to have to expend more than their less isolated counterparts if they are to have comparable programs. Alternatively, and unfortunately, they might also recruit rather than train.

**Enterprises And Returns**

**Returns on expenditure**

Interest in securing information about the returns on expenditure on training differs widely. Significantly, government appears more interested in cost-benefit analyses (CBA) than
enterprises. The government sponsorship of research into CBA reflects concerns with the justification and evaluation of policy (Butterworth 1995). For instance, the phrase ‘investment in training’ used by governments, is associated with the policy goal of providing evidence that enterprises get a return on their training expenditure. However, the review identifies little interest by enterprises in securing information about how their expenditure on training equates directly to productivity as has shown by Burke (1995), Carnevale and Schulz (1990) Davidson, Doucouliagos, Macneil, Rimmer, Sgro and Watts (1997), and Coopers and Lybrand (1996). Where it exists, enterprise interest in evaluating its expenditure on training is usually associated with broad organisational goals. Improved work performance (Baker & Wooden 1995, Billett 1994a, Misko 1996), securing strategic goals (Baker & Wooden 1995, Billett 1994a, Catts 1996, Misko 1996) and compliance with legislation (Baker & Wooden 1995). A study of the economics of training in the 15 OECD member states claimed that the majority of enterprises believe or acknowledge that staff training does bring returns in the areas of: (i) productivity improvements; (ii) greater workforce flexibility; (iii) savings on material and capital costs; (iv) a more motivated workforce; and (v) improved quality of the final product or service (Coopers & Lybrand 1996). Carnevale and Schulz (1990) earlier proposed that the benefits of training programs can be considered in three categories: (i) increased revenue; (ii) decreased or avoided expenses; and (iii) intangible benefits. Increased revenue benefits includes increased output. Decreased or avoided expenses includes improved quality measured by reduction of scrap, absenteeism, inaccuracy, accidents and wasted time or materials. Intangible benefits are those benefits that are of value but are very difficult to quantify (Misko 1996), such as, employee flexibility and improved morale.

In practice it seems that enterprise decisions about expenditure on training are made as an annual budget item, or as an act of faith, usually without any cost-benefit analysis (Billett 1994a, Coopers & Lybrand 1996). Some large Australian enterprises claimed to have identified relationships between performance indicators and key strategic enterprise goals (Kennedy, 1997, Miller 1996).

In contrast to large enterprises, smaller enterprises appear to believe that expenditure on training is not worthwhile. According to a study of three hundred small businesses training perceived as being ‘not relevant’, ‘too theoretical’ and ‘without immediate benefit to the business’ (Coopers & Lybrand 1993). However, another study (Robinson 1997) has indicated far more positive views by individuals who have actually participated in VET programs. The beliefs exhibited in the Coopers and Lybrand study may explain the reluctance of small business to participate in VET. In overview, these enterprises fail to see the benefits of
expenditure on VET let alone having any interest in quantifying the results of that expenditure. Industry trainers have shown some interest in demonstrating the benefits of enterprises’ expenditure on training (Catts 1996a, Carnevale & Shulz 1990, Leimbach 1994, Mountain 1994, Schneider et al 1992). However, the evidence suggests that typically neither the trainers nor anybody else in enterprises have the expertise to use cost benefit analysis (Lombardo 1989).

**Approaches to appraisals on returns**

Various models of CBA are proposed in the literature. They can best be categorised by the scope claimed for their analysis. Some models use a few variables (e.g., participant satisfaction, relevance to workplace activities) to make judgements about returns. Other models claim to account for all the variables which influence productivity or bottom-line effects (Bartels 1995, Schneider 1992). Studies that have addressed the question of a direct cost-benefit analysis overwhelmingly concur that accounting for all the variables which influence return on investment is either impractical or impossible (Billett 1994a, Hedges & Moss 1996, Leimbach 1994, Robinson & Robinson 1989). The consensus is that there are too many complications in the form of compounding and contradictory variables to sensibly suggest that returns can be quantified as ‘bottom-line’ statements. Articles proposing a comprehensive approach tend to be prescriptions for practice, rather than being based in practice. The exceptions offer analyses which are far from being comprehensive. Those studies reporting the frustration and complexity of the task are usually the product of empirical activities which have attempted to identify all the variables and consider how they can be evaluated.

Given the lack of interest by enterprises in quantifiable CBA, models which measure returns on the basis of a few useful variables may be more welcomed. Arising from this review is the need to provide models of calculating benefits which address those variables in which enterprises are interested. This work has commenced with a number of studies using Kirkpatrick’s earlier work to formulate levels of appraisal (e.g., Mountain 1994, Pine & Tingley 1992, Davison et al, 1997). For example, Davidson et al (1997) lists four stages of evaluation - budget evaluation, skills evaluation, project evaluation and strategic evaluation. This study also details six techniques which enterprises can use to assess their return on training expenditure. However, while these techniques are useful there is little evidence to suggest that, at this time, there is either the interest or the expertise in enterprises (except perhaps the very largest) to use these techniques.
It seems that perceptions about the value of VET are central to decision-making about enterprise expenditure. So acts of belief, more than evidence, appear to determine decisions about expenditure within both large and small enterprises. The task of changing perceptions about the value of VET within smaller enterprises represents a significant challenge to both policy and practice. These perceptions may change when specific and tangible examples are available. If these perceptions cannot be changed, policy makers may need to consider how to address the danger of the erosion of the national skillfulness by placing too greater a responsibility upon enterprises. Unfortunately, current market-based reforms are proposing user choice options as means to engage enterprise interest in training. Certainly, an analysis of the reasons small business claims inhibits their participation indicates that having greater choice is not what is required. Rather, forms of support for enterprises to set up programs and overcome impasses associated with formal VET provisions seem to be warranted by the evidence. It is noteworthy that the increases in traineeships numbers in many Australian states over the previous two years can be attributed to a government program (NETTFORCE and subsidies) which provided just such facilitation. Unfortunately, this program has now been abandoned in favour of market-based approaches. Given the recent data about low levels of interest in formal training this type of program may be both pertinent and critical.

Discussion: Enterprises and returns.

There appear to be differences between those returns being sought by government and those that enterprises are actually interested in or are able to identify. On the one hand, government is interested in evaluating the impact of its policy decisions and attempting to furnish enterprises with evidence that their expenditure on VET is an investment which yields dividends. On the other hand, it seems enterprises are mainly interested in whether training can provide specific provisions associated with goals of skill development or strategic change. There is not a lot evidence of interest within enterprises to securing detailed statements of returns accruing from training (e.g., Billett 1994a, Deloitte 1989, cited in McDonald 1995, Misko 1996). Four types of returns have been identified in the literature. These are: (i) “bottom-line” profit; (ii) direct influence on productivity; (iii) securing strategic or organisational change goals; and (iv) contribution to the community. However, there are quite distinct differences in the interest in and expectations about identifying these returns. The relationships between ‘bottom-line profit’ and training is attracting little interest from enterprises, whereas government has an interest at this measure. Productivity increases arising from training were the focus of some studies, with the literature distinguishing between limited (e.g., Dockery et al. 1996) and comprehensive models (e.g., Billett 1994a, Carnevale & Schulz 1990) of evaluating returns. Securing strategic goals through training - includes
reduced wastage, reduced absenteeism, less accidents, improved staff morale, quality improvement, multi-skilling, enterprise bargaining arrangements etc (Billett 1994a). Significantly, training as a contribution to community was not a widely reported concern. However, a study of the cost to employers of apprenticeship training (Dockery et al 1996) reported that the benefits of employing apprentices were described in more than economic terms. These employers also felt obliged to contribute to training in their industry and thus the supply of tradespersons. They also wanted to give young people an opportunity. Taking the social contribution of VET further, Coopers and Lybrand (1996) claim from their OECD study that a general benefit accrues to the community from a more educated workforce in the form of greater social cohesion, enhanced environmental awareness, improved health and an improved quality of life for individuals. Their report states that such benefits are very important and must be considered when governments and enterprises make decisions about VET expenditure.

Conclusions

Building upon what has been proposed by Coopers and Lybrand (1996), it is important to focus on national goals of having a workforce which is adaptable and skilful as well as those of enterprises. What is best nationally, in the form of vocationally educated and trained workers, may not be the same as enterprises’ perceived needs for enhancing productivity (Sloan 1994; Yeatman 1994). It seems that by choosing short-term options, enterprises themselves may be inhibited in the future by what skilfulness is available to them. They draw from the same population which is suffering from a reduced commitment to comprehensive preparation for vocational practice. Across OECD countries it seems employers will pay for current specific skills and some generic skills in order to achieve their core business goals. Wolf (1996) holds that vocational education systems must include a mix of skills from the categories; generic foundation skills development; industry- or occupation-specific skills in response to current needs and-some specific skills development for the future. However, young people setting out to secure employment will choose training which will develop generic skills to maximise job opportunities and adults will want to develop a mix of skills. Wolf (1996) stresses the need for government to ensure that generic foundation skills, industry/occupation-specific skills and specific skills for the future are all developed and society must bear the cost of ensuring that this occurs in order to meet the demands of the future. As the Chief Executive Officer of the Australian National Training Authority stated in 1993, (Moran p.9)

"We are at a critical point in the development of vocational education and training in Australia. Australians are coming to realise that if we focus on
Australia's longer term interests, we can achieve a commitment to develop common goals and national plans."

Unfortunately, the research reviewed here does not reflect this optimism. Rather, enterprises are emphasising their more immediate and specific needs. The degree to which the development of skills is aligned to developing an adaptable national workforce appears at best to be co-incidental. From the work reviewed here, it seems the twin policy goals of increasing the quantum of training and securing the sponsorship of that training by enterprises are not being realised.

It is necessary to consider policy options associated with providing support in order to achieve these national goals. Support may be needed for those enterprises which are contributing to the development of the nation’s workforce particularly in those areas which are of emerging national interest and where the expertise and infrastructure for this development is unavailable within the nation’s training system.

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