

Short-term and long-term benefits as determinants of the training behaviour of companies

The paper 'Short-term and long-term benefits as determinants of the training behaviour of companies' investigates the correlation between cost-benefit aspects and company decisions regarding training. A differentiation is drawn between the basic decision of whether a company should provide its own training and the stipulation of the number of trainees. The database used is information from companies providing training and companies not providing training from an investigation conducted by the Federal Institute for Vocational Education and Training in 2001.

If company training is viewed from an economic perspective, it is only worthwhile for a company to provide such training if the total benefits gained from training exceed the costs arising. A differentiation needs to be made here between the short-term and the long-term perspective. The first possibility is that training costs can be covered by the productive deployment of the trainees during the training itself. In such a production model case, employing trainees as workers (and as a replacement for regular workers earning a higher level of remuneration) may constitute an essential motive for providing training. The second possibility is that training costs cannot be covered during the training phase itself. In such a case, training is only worthwhile for a company if the trainees enter into an employment contract on completion of training, making it possible for benefits then to be realised on a longer-term basis. This would constitute the so-called investment training model.

The results of the analyses conducted show that the issue of whether a company provides training or not depends to a significant extent on cost-benefit aspects. With regard to a company commencing its own training, it is important that a longer-term benefit from training arising from the development of young skilled workers is perceived. Lower costs also foster the provision of training. It is also necessary to take into consideration the fact that the provision of training also depends to a large extent on the size of a company, larger companies providing training significantly more frequently than small companies. As far as the training rate is concerned (trainees as a proportion of all employees), company size is also shown to play an important role. If the training rates of companies providing training are taken into consideration, these are higher in small companies than in major companies. Cost-benefit aspects also exert an influence on training rates, although this is not independent of company size. Companies with lower costs (smaller companies tending to belong to this category), thus more frequently also have higher training rates. The overall tendency is for short term cost-benefit aspects to play a role for smaller companies, with longer-term aspects, on the other hand, tending to be significant for larger companies.

In respect of the suitability of vocational education and training policy measures aimed at increasing the supply of in-company training places, the analyses produce the following indications. In order to encourage additional companies to provide training, the most important thing seems to be to convince companies which have not hitherto provided training of the longer-term advantages of training. A decrease in training costs may also be of significance. On the other hand, using a decrease in training costs to increase the training intensity of companies already providing training appears very difficult in the light of the existing dependencies between costs and company size.