

# Employers maintain training budgets despite recession, research shows

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British employers have avoided slashing their budgets for training during the recession because they believe it is vital to their operations, a new study has found.

Researchers analysed figures from various surveys showing that spending in real terms on training fell by only 5% from 2007 to 2009, and has remained steady since. They also spoke to managers from 52 companies and found that almost all remained committed to keeping their training schemes going.

In an article in the December edition of the journal *Work, Employment and Society*, the researchers say that "a combination of market intervention and business requirements obliged most employers to sustain training despite the recession." Employers had turned to more cost-effective ways of training, such as online courses.

Professor Alan Felstead and Dr Nick Jewson, of Cardiff University, and Professor Francis Green, of the LLAKES Centre at the Institute of Education in London, said that employers knew they needed training because they had to meet obligations such as "compliance with legal requirements, meeting operational needs and satisfying customer demands".

The researchers analysed data from the National Employer Skills Survey, which showed that total UK training expenditure rose from £38.6 billion in 2007 to £39.2 billion in 2009, a real terms fall of 5% when inflation is

considered.

They also examined the British Chambers of Commerce quarterly survey of 2,000 firms, which found that from 2010 to the middle of 2011 more employers said their training had increased recently than said it had decreased. The CBI Industrial Trends survey of 5,000 firms, which looked at predictions about training spend in the year ahead, showed more companies over the same period were positive than negative about training.

In their interviews with managers from 52 companies, including engineering, legal, food-making and construction firms, the researchers found that "[interviewees](#) were virtually unanimous in saying that training should not be, and had not been, cut readily or willingly. In addition to awareness of their statutory obligations, they expressed a widespread belief in the strategic contribution of training to productivity.

"A clear majority of the respondents had modified their training regimes without entirely abandoning them. They typically reported some retrenchment in expenditure, often as part of general cost cutting.

"Respondents also expressed their commitment to the maintenance of training coverage, not only with respect to statutory minimum training and mandatory continuing professional development, but also for longer-term skills enhancement and succession planning. Even in organisations that had suffered redundancies and short-time working, some efforts had been made to protect and preserve training.

"Respondents across the sample suggested that the quality of products and services was central to their market competitiveness, which in return reflected their investment in training. This edge became more, not less, significant when customers were hard to find during a recession.

"The general pattern among the respondents was for a retrenchment in training expenditure to be accompanied by a commitment, as far as possible, to maintaining training coverage. As a result, many were actively and consciously seeking more cost-effective ways of delivering training. These developments can be summarised as focusing training on business needs, shifting from external to in-house provision, and increasing the use of on-line and e-learning.

"An overwhelming majority recognised that their enterprises were subject to a range of 'training floors'; that is, forms of training which are indispensable. These included compliance with legal requirements, meeting operational needs, countering skills shortages, addressing market competition, fulfilling managerial commitments, and satisfying customer demands. As a result, employers reported a widespread reluctance to dispense with [training](#) altogether and a determination to defend its 'must have' elements."

Provided by SAGE Publications

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