

Barriers to Employment-Related Training in New Zealand: Differences Across Ethnic Groups

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Abstract

There are large gaps between ethnic groups in rates of participation in employment-related training in New Zealand. Policies to raise participation rates need to be informed about the types of barriers most frequently encountered by disadvantaged groups. This note uses labour force survey evidence to show that the barriers to training that are felt with relatively greatest frequency by Maori and Pacific Islanders relate to family circumstances and access to childcare. Although the cost of training is a commonly mentioned barrier for Maori and Pacific Islanders, it is a barrier that is encountered with similar frequency across all ethnic groups.

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I. Introduction

The impact of technology and international competition has led to a growing emphasis on the need for an educated and adaptable workforce. An important aspect of this adaptability is that learning and the upgrading of skills is a continuous process, rather than something that ends once full-time study is finished. Consequently, much more attention is now being paid to employment-related training, which is believed to bring benefits to individual workers, firms, and society as a whole. For the individuals who participate in employment-related training, the benefits are an improved occupational status, a lower risk of unemployment and increased earnings potential (Blundell *et al.*, 1999). Recent changes in the New Zealand labour market and industrial relations framework, with an increase in skills-based pay (Ryan, 1996) are likely to have added to the advantages that training brings to individual workers. There is also evidence that training leads to increased productivity for firms (Perry *et al.*, 1995), with obvious benefits for the economy.

On average, the level of employment-related training for New Zealand workers appears to be adequate, relative to other countries. For example, a recent international study ranked New Zealand 6th highest out of 24 OECD countries in the level of participation in job-related training and 2nd highest in hours of training (OECD, 1999). The average New Zealand worker receives almost 2,700 hours of work-related training and education during their working life -- the equivalent of more than two years of schooling.

But this average level of training disguises a considerable disparity between ethnic groups. The probability of participating in job-related training, either provided by an employer or provided externally, is less than one-half as high for people of Pacific Islands origin as it is for people of European/Pakeha origin. For people of Maori

origin, the probability of receiving training is only three-quarters as high as for European/Pakeha (Gobbi, 1998). These differences in the access to training may contribute to the higher unemployment rates and lower wage and occupational status of Maori and Pacific Island workers. Moreover, these differences in training cannot be explained away by differences across ethnic groups in observable characteristics like age, education, and industry of employment (O'Neill, 1999).

The restricted access to training for the Maori and Pacific Islands populations means that methods must be found for raising participation rates for these groups, unless continued gaps in wages, employment and workforce skills are to be tolerated. But before participation rates can be raised it is necessary to understand which specific barriers prevent Maori and Pacific Island people from undertaking the desired level of training. The purpose of this paper is to use survey data to identify the particular types of barriers to job-related training that are faced most frequently by people of Maori and Pacific Islands origin.

II. Data and Methods

The data used here are based on the Education and Training Survey (ETS), which was a one-off supplement to the Household Labour Force Survey (HLFS) in the September 1996 quarter. The ETS was the first major survey of job-related training in New Zealand. It asked a sample of 22,500 individuals, aged 15-64, about their participation in external and in-house training and in study towards a qualification during the previous 12 months.¹ In addition, the usual variables from the HLFS are available, including the ethnicity of the respondent.

The survey asked respondents about courses they wanted to go on to improve their job skills but didn't, and about courses that they stopped before completion. The factors that acted as barriers to their participation in these courses were also identified, with respondents asked to select as many barriers as were relevant from a list that included: "time", "cost", "transport or location", "disability", "childcare", "other family responsibilities", "lack of employer support", "lack of English" and "other". Aggregate results for these questions about the barriers to training have been reported by O'Neill (1999). However, to find the best methods of raising the training level of Maori and Pacific Island workers it is necessary to have results that are disaggregated by ethnic groups.

Therefore, in this paper we test to see if there are any differences, across ethnic groups, in the proportion of the population who experience each of the specified barriers.² Finding that a particular type of barrier (e.g., cost or location) is experienced more frequently by some ethnic groups than by others may be useful information for policies or programs that aim to close the ethnic gaps in the incidence of job-related training. In particular, such information allows a priority to be placed on removing the barriers that are most frequently encountered by the target ethnic groups.

III. Results

Workers from ethnic minority groups are considerably more likely to drop out of courses intended to improve job skills (Table 1). In 1996 Maori had a drop-out rate of 3.2 percent from job-related courses undertaken in the previous 12 months. This is almost twice as high as the drop-out rate for European/Pakeha and these differences across ethnic groups in the risk of dropping out are statistically significant ($p < 0.01$).

(Table 1 about here)

It is also apparent that there is a potentially large unmet demand for job-related training. Over one-quarter of Maori and approximately one-fifth of people from other ethnic groups did not attempt courses that they would like to have done to improve their job skills. This higher than average proportion of Maori respondents who were deterred from participating is statistically significant ($p < 0.01$).

To what extent are these barriers preventing participation in job-related training for members of each ethnic group? The results in Table 2 show that the participation rates in either external training or in-house training are significantly lower for members of all ethnic minority groups than they are for European/Pakeha. The participation rates for Pacific Islanders appear especially low and this cannot be explained just by their higher unemployment rate because external training is not restricted to currently employed workers.

(Table 2 about here)

The uneven participation rates in either in-house or external training also affect the interpretation of the survey questions about barriers to training that were asked of those respondents who had completed either of these types of training in the previous year. These respondent samples are unlikely to be random if the workers who complete training differ from either those who are not offered training or those who do not complete their training. This sample selectivity bias is likely to affect comparisons across ethnic groups. For example, 21 percent of Pacific Islanders who had completed in-house training reported barriers as compared with 23 percent of European/Pakeha.

But it would be wrong to conclude that European/Pakeha workers are more likely to face barriers to training because the respondents from this ethnic group come from a much less selective sample than do the Pacific Islands respondents. To avoid these sample selectivity problems, the analysis focuses on the barriers to desired training and barriers that caused dropping out, because questions about these topics were asked of all respondents.

The most common reason cited by respondents for dropping out of job-related education or training courses was “cost”, which was identified by four-fifths of those who specified any barriers (Table 3). However, the difference in the proportions of each ethnic group who experienced cost barriers is only weakly statistically significant ($p < 0.10$). Hence, reductions in the cost of education and training are not particularly well targeted toward Maori and Pacific Island dropouts from job-related training (although they may have other beneficial effects).

(Table 3 about here)

The barriers causing dropping-out that are most variable across ethnic groups are “disability”, “lack of English”, “transport or location”, and “childcare”. These barriers appear to be especially binding on Pacific Islanders, although English language skills are also an important barrier for the ‘other’ ethnic group.

The most commonly mentioned barriers that prevented people from attempting desired employment-related courses were “cost” and “time”. These barriers were the two most frequently listed by all ethnic groups although there was a large difference between European/Pakeha and other ethnic groups in the experience of time barriers ($p < 0.01$).

This may reflect the higher opportunity cost of time for the European/Pakeha group due to their higher employment rates.

(Table 4 about here)

The barriers which were encountered with greatest frequency by Maori and Pacific Islanders, relative to other ethnic groups, were “childcare” and “other family responsibilities”. Additionally, “lack of English” was mentioned with relatively high frequency by Pacific Islanders, although with even greater frequency by members of the ‘other’ ethnic group.

IV. Summary and Implications

Survey evidence suggests that people from the Maori and Pacific Islands ethnic groups are less likely to participate in employment-related training. Consequences of this lower incidence of training may include lower wages and occupational status and higher risk of unemployment. Therefore, methods must be found to raise the participation rates in training for Maori and Pacific Islanders if the ethnic gaps in labour market status are to be closed.

The contribution of this paper has been to identify the particular types of barriers to job-related training that are faced most frequently by people of Maori and Pacific Islands origin. Although the cost of training emerges as the most commonly mentioned barrier, it is a barrier that is encountered with similar frequency across all ethnic groups. Therefore, reductions in the cost of training would not be targeted especially to Maori and Pacific Islanders and so, by themselves, may not help to close the gaps across ethnic groups.

In contrast, one type of barrier to training that is felt with a greater frequency by Maori and Pacific Islanders than by other groups is family circumstances, as picked up in the response categories “childcare” and “other family responsibilities”. This is consistent with other evidence showing a low enrolment rate in early childhood education and care for Maori and Pacific Islands children (Department of Labour, 1999). That lack of access to childcare may be a barrier to employment is widely known,³ but there has been less attention to the link between childcare and training. The results reported here suggest that policies aimed at closing ethnic gaps in the labour market may need to place some priority on overcoming barriers to childcare, which may interfere with both employment and training choices of Maori and Pacific Islanders.

The survey results also indicate that lack of English language proficiency can be a frequently encountered barrier to training for people from the Pacific Island and ‘other’ ethnic groups. As the workforce of New Zealand becomes increasingly diverse, the need for the multilingual provision of employment-related training can be expected to increase. Thus, this type of barrier may become even more important in the future.

The analysis in this paper has been based on a one-off survey. Given the attention now being paid to closing the gaps in labour market outcomes between ethnic groups, it would be most useful to have a similar survey on employment-related training in future. Only then will any success at overcoming the barriers identified in this paper become apparent.

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Table 1: Working age population of each ethnic group experiencing barriers to education or training

	European/ Pakeha	Maori	Pacific Island	Other ^a	<i>p</i> -value ^b
Dropped out of courses intended to improve job skills	33,300 (1.8)	7,400 (3.2)	2,600 (2.6)	3,400 (2.7)	0.0002
Wanted to attend courses to improve job skills but did not	419,000 (22.3)	62,100 (26.8)	20,500 (20.4)	27,600 (21.5)	0.0001

Note: Results are based on a sample of 22257 respondents to the Education and Training Survey, September 1996 of Statistics New Zealand. This weighted sample corresponds to a working age population of 2,341,900. The numbers are rounded to the nearest 100 but all percentages, which are reported in () have been calculated using the unrounded figures.

^a Includes those who did not specify their ethnic group.

^b Risk of wrongly rejecting the null hypothesis that the percentages experiencing barriers do not differ across ethnic groups, using a Pearson chi-squared test for two-way tables that takes account of the complex sample design.

Table 2: Participation in job-related training by ethnic group

	European/ Pakeha	Maori	Pacific Island	Other	<i>p</i> -value
External training (as a % of the working age population)	248,000 (13.2)	21,900 (9.5)	4,400 (4.4)	11,700 (9.1)	0.0000
In-house training (as a % of wage and salary earners)	305,000 (24.4)	24,400 (17.3)	8,300 (13.4)	12,100 (19.5)	0.0000

Note: Results for external training are based on a sample of 22,257 working age respondents, while the results for in-house training come from the 13,998 respondents who had worked for wages or salaries in the 12 months prior to the survey. The reported results are based on population sampling weights. External training is employment-related but not provided by an employer while in-house training is provided by an employer. The training reported by respondents was any that they completed during the 12 months prior to the survey or were attending at the time of the survey. Other notes are as for Table 1.

Table 3: Importance of specific barriers causing members of each ethnic group to drop out of education or training courses intended to improve job skills

Specific barrier nominated by the respondent	European/ Pakeha	Maori	Pacific Island	Other ^a	<i>p</i> -value ^b
	<i>Number (%) of those experiencing any barrier</i>				
Time	14,300 (42.9)	2,300 (31.6)	1,000 (39.4)	.. ^c (27.5)	0.2208
Cost	27,900 (83.8)	6,400 (87.5)	2,000 (76.0)	3,300 (97.5)	0.0944
Transport or location	8,700 (26.3)	1,800 (24.4)	1,000 (38.5)	.. (7.5)	0.0471
Disability	3,700 (11.1)	1,600 (21.3)	.. (21.5)	1,000 (30.4)	0.0144
Childcare	2,300 (7.0)	.. (8.8)	.. (21.5)	.. (7.0)	0.0909
Other family responsibilities	4,200 (12.6)	.. (8.9)	.. (23.0)	.. (4.6)	0.1954
Lack of employer support	1,900 (5.6)	.. (7.4)	.. (10.8)	.. (0.0)	0.4051
Lack of English	.. (0.4)	.. (1.0)	.. (4.4)	.. (6.3)	0.0323
Other	14,100 (42.4)	2,200 (30.2)	.. (29.4)	1,100 (32.9)	0.2336

Note: The results are based on 456 respondents (representing a population of 46,600) who had dropped out of employment-related education or training courses in the 12 months prior to the survey and who specified some reason for stopping before they completed the course. Respondents were allowed to specify more than one barrier. The numbers are rounded to the nearest 100 (except when the population represented by a cell is less than 1000) but all percentages have been calculated using the unrounded figures.

^a Includes those who did not specify their ethnic group.

^b Risk of wrongly rejecting the null hypothesis that the percentages experiencing barriers do not differ across ethnic groups, using a Pearson chi-squared test for two-way tables that takes account of the complex sample design.

^c .. indicates less than 1,000. These numbers have been suppressed because they are subject to sampling error too great for most practical purposes. The corresponding percentages are not suppressed because the correlation between the numerator and the denominator gives them smaller sampling errors.

Table 4: Importance of specific barriers causing members of each ethnic group to not attempt desired training courses intended to improve job skills

Specific barrier nominated by the respondent	European/ Pakeha	Maori	Pacific Island	Other	<i>p</i> -value
	<i>Number (%) of those experiencing any barrier</i>				
Time	230,700 (55.0)	26,400 (42.6)	10,100 (49.2)	13,100 (47.5)	0.000
Cost	376,200 (89.8)	57,100 (92.0)	18,500 (90.3)	23,500 (85.0)	0.0435
Transport or location	148,100 (35.3)	23,100 (37.2)	7,800 (37.8)	8,300 (30.2)	0.2987
Disability	48,700 (11.6)	7,900 (12.7)	3,200 (15.4)	3,300 (12.0)	0.4727
Childcare	47,600 (11.4)	13,500 (21.8)	4,500 (21.8)	3,900 (14.0)	0.0000
Other family responsibilities	46,200 (11.0)	10,500 (17.0)	3,100 (15.3)	4,400 (15.8)	0.0001
Lack of employer support	37,100 (8.9)	4,600 (7.4)	1,900 (9.2)	2,000 (7.3)	0.6561
Lack of English	.. (0.2)	.. (0.4)	1,000 (4.9)	3,100 (11.1)	0.0000
Other	70,400 (16.8)	10,400 (16.8)	3,000 (14.7)	6,000 (21.6)	0.2750

Note: The results are based on 4971 respondents (representing a population of 529,000) who indicated that there were employment-related courses they would like to do to improve their job skills but did not. Respondents were allowed to specify more than one barrier. Other notes are as for Table 3.

Notes

¹ Statistics New Zealand defines in-house training as that which is organised by an employer primarily to meet the needs of its own employees, is conducted in-house or externally, and is delivered by the company's own employees or external training providers. External training covers all other employment-related training for the employed and unemployed.

² The particular test for statistical significance of the differences is a Pearson chi-squared statistic for two-way tables that is corrected for survey design effects, specifically the use of sampling weights. Details on this test can be found in Rao and Scott (1984).

³ See, for example, the Budget Speech of the Hon Michael Cullen (15 June 2000).