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SURVEY ISSUE BRIEF

California Employer Training Needs

Key Findings

- Large companies reported using productive labs and registered apprenticeships more frequently than small companies.

- Large companies reported providing soft skills[1] training and managerial/supervisory skills more frequently than small or midsized companies.

- The skill reported most often by large employers as needed in their workforce was specialized technical skills, teamwork by midsized employers, and communication skills by small employers.

- Employers reported that support from the State of California Employment Training Panel (ETP) helped employers expand training opportunities, increase the quality of trainings, retain employees, strengthen internal pathways for employee advancement, and boost employee morale.

- These findings suggest that ETP is meeting a critical goal of supporting both employers and employees.

Introduction

Created in 1982, the State of California Employment Training Panel (ETP) provides funding to train workers to retain quality jobs in California, increase competitiveness, enhance the transferable skills of the workforce, and improve productivity and quality. ETP's programs are funded through a tax collected from employers alongside the unemployment insurance tax and through other sources of state funding to support special training initiatives.

ETP contracted with Social Policy Research Associates (SPR) in 2019 to conduct a survey of California employers who have received ETP funding either directly or indirectly. This survey aimed to capture employer training practices and skill needs in addition to examining how employers benefit from ETP funding. The survey builds from SPR's earlier program assessment of ETP[2] and provides an opportunity to further understand what ETP-funded incumbent worker training looks like and what additional needs employers have that ETP might be able to meet.

The purpose of this brief is to provide key results from this ETP employer survey. This brief includes responses provided by single employers who have an active contract with ETP and by employers that access ETP funding through a multiple employer contract (MEC). The brief presents an overview of the survey findings with respect to employers' training

Exhibit 1. Percent of Employers who Currently Use this Training Method

Training Method	Percent
On-the-job training	77%
Virtual training	48%
Paid internships	43%
Mixed instructor-led/work-based training	43%
In-person training	42%
Productive labs	24%
Registered apprenticeship	21%
Other apprenticeships	15%

Exhibit 2. Percent of Employers who Currently Use Various Work-Based Training Methods, by Company Size

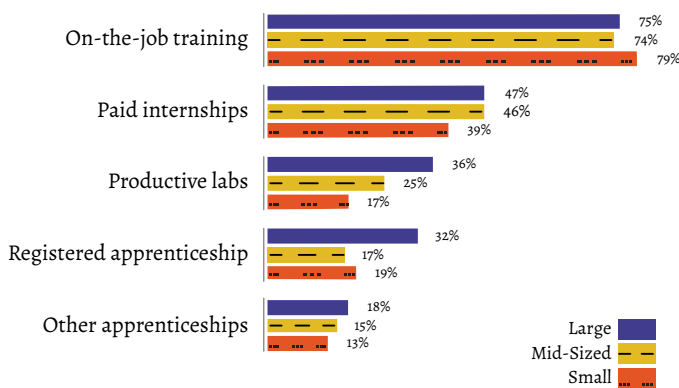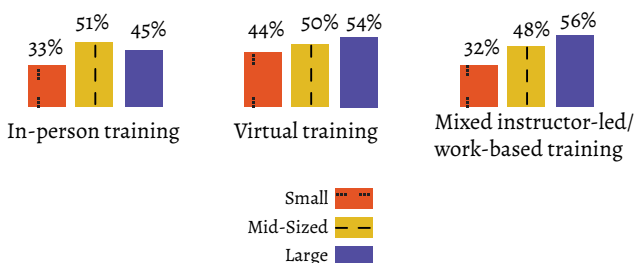| Method	Large	Mid-Sized	Small
On-the-job training	75%	74%	79%
Paid internships	47%	46%	39%
Productive labs	36%	25%	17%
Registered apprenticeship	32%	17%	19%
Other apprenticeships	18%	15%	13%

Exhibit 3. Percent of Employers who Currently Use Various Instructor/Location Training Methods, by Company Size

Method	Small	Mid-Sized	Large
In-person training	33%	51%	45%
Virtual training	44%	50%	54%
Mixed instructor-led/work-based training	32%	48%	56%

needs, workforce skills needs, and engagement with partners. A discussion about the methods is provided in an appendix.

Employers' Training Practices

Employers were asked to report on various common training methods they were currently using. They reported using a mix of training methods, both in-person and virtual, instructor-led and work-based. The most common training method that employers were currently using was on-the-job training (OJT)[3], with 77 percent of respondents reporting using that method (see Exhibit 1). This information mirrors earlier findings from qualitative interviews with ETP employers, which showed that although training delivery methods were increasingly incorporating online components, employers still placed a high value on in-person training.[4] It also confirms findings from our earlier report, which suggested that most employers had incorporated OJT. Other common methods included virtual trainings (48 percent) and paid internships (43 percent).

Differences in the use of work-based training methods appeared to exist by company size (see Exhibit 2).[5] Thirty six percent of large companies reported using productive labs,[6] for example, compared to only 17 percent of small companies. Similarly, 32 percent of large companies reported having registered apprenticeships[7] compared with 17 percent of midsized companies or 19 percent of small companies. One possible explanation for this difference may be that large companies have more resources to allocate for training and are therefore more likely to offer training to their employees. Another explanation may be that large companies have better-defined career pathways that are aligned with training. While the survey did not capture information to address these differences, it still illuminates differences in approach to training by company size.

In addition, large and midsized companies used more mixed instructor-led/work-based training than small companies (Exhibit 3). Furthermore, midsized and large companies used more virtual training than small companies and midsized companies used more in-person training than small companies.

Employers also reported on the content of trainings provided, which ranged from general employee skills to technical job-related skills. Most employers reported providing soft skills (61 percent), managerial

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skills (54 percent) or specialized technical skills (54 percent) (Exhibit 4). This finding is consistent with previous findings,[8] which suggested that as employers needed to prepare younger, less experienced generations to take the place of the retiring generation of baby boomers, this translated into a greater need for supervisory and leadership training, more articulated internal career ladders and learning management systems, and a need for more skills training. In addition, slightly less than a third of employers also reported providing training aligned with industry recognized credentials or digital badges. This finding also is consistent with previous qualitative findings[9] which indicated that many employers were reluctant to require industry-aligned credentials because they felt that the work their employees did was too customized and not similar enough to what other employers needed.

Differences also arose by company size regarding training content offered, specifically between small companies and the other two types (Exhibit 5).

> ❝ We would not have been able to afford to provide the quantity and quality of training that we have done without the financial support of the ETP."
>
> *- Large employer*

Large and midsized companies reported offering more training in all content areas than small companies. For example, 55 percent of large companies and 48 percent of midsized companies reported offering basic computer skills training. In contrast, about a third of small companies provided such training. Similarly, 72 percent of large companies and 65 percent of midsized companies provided soft skills training compared with slightly over half of small companies.

Overall, comparisons of training provision by company size suggest that small companies were less likely to offer incumbent worker training of any kind compared to their medium and large counterparts. Since it is not feasible to assume that small companies need less training (and, in fact, there are many reasons to believe that they may need more), these findings suggest that small companies may underinvest in training, potentially due to resource constraints. This finding is consistent with previous research showing that use of training varies systematically by employer size,[10, 11] and therefore, suggests that small companies may have a greater need for support with incumbent worker training compared to midsized and large companies.

Workforce Skills Needed

The top three types of skills employers reported needing in the near future were:

- Teamwork skills (44% of all employers)
- Communication skills (42% of all employers)
- Specialized technical skills (40% of all employers)

Exhibit 4. Percent of Employers who Currently Provide Training on Varying Content
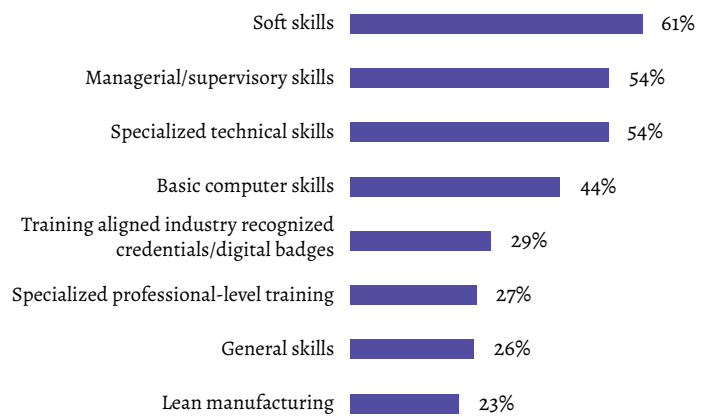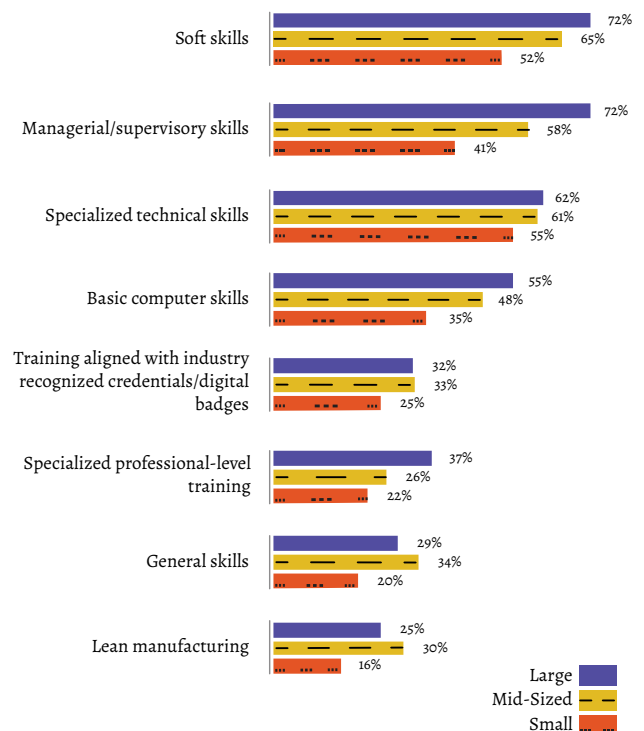
Content	Percent
Soft skills	61%
Managerial/supervisory skills	54%
Specialized technical skills	54%
Basic computer skills	44%
Training aligned industry recognized credentials/digital badges	29%
Specialized professional-level training	27%
General skills	26%
Lean manufacturing	23%

Exhibit 5. Percent of Employers who Currently Provide Training on Varying Content, by Company Size

Content	Large	Mid-Sized	Small
Soft skills	72%	65%	52%
Managerial/supervisory skills	72%	58%	41%
Specialized technical skills	62%	61%	55%
Basic computer skills	55%	48%	35%
Training aligned with industry recognized credentials/digital badges	32%	33%	25%
Specialized professional-level training	37%	26%	22%
General skills	29%	34%	20%
Lean manufacturing	25%	30%	16%

Trouble hiring

Only 24% of respondents agreed that their company had an easy time hiring employees with the right level of skills.

Manufacturing and Professional/ IT companies reported having the hardest time hiring employees.

Employers who reported it being difficult to hire employees, reported that team-work, specialized, and basic skills are the most important skills and competencies needed.

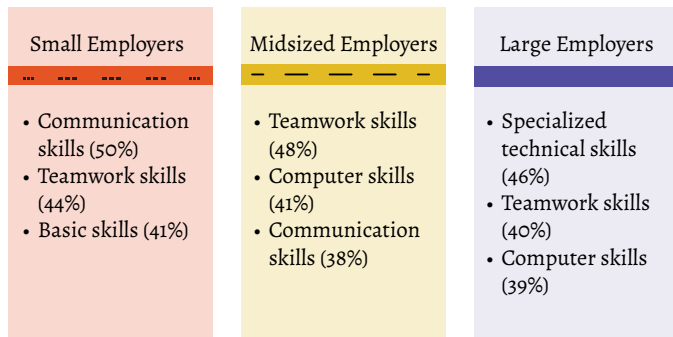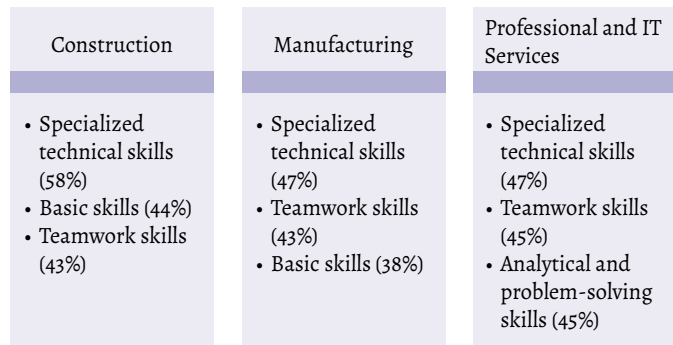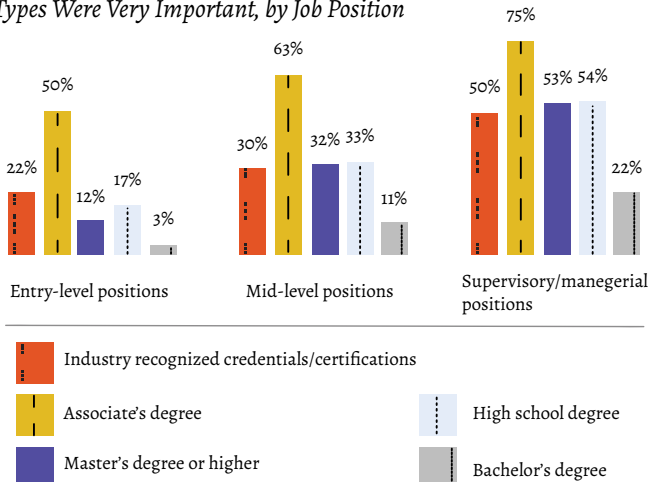*Exhibit 6. Top three skills by employer size*

Small Employers	Midsized Employers	Large Employers
• Communication skills (50%) • Teamwork skills (44%) • Basic skills (41%)	• Teamwork skills (48%) • Computer skills (41%) • Communication skills (38%)	• Specialized technical skills (46%) • Teamwork skills (40%) • Computer skills (39%)

Exhibit 7. Top Three Skills by Industry

Construction	Manufacturing	Professional and IT Services
• Specialized technical skills (58%) • Basic skills (44%) • Teamwork skills (43%)	• Specialized technical skills (47%) • Teamwork skills (43%) • Basic skills (38%)	• Specialized technical skills (47%) • Teamwork skills (45%) • Analytical and problem-solving skills (45%)

Exhibit 8. Percent of Employers Reporting that Specific Credential Types Were Very Important, by Job Position

- Industry recognized credentials/certifications
- Associate's degree
- Master's degree or higher
- High school degree
- Bachelor's degree

Other than teamwork, the top skill types needed varied by employer size. Communication skills were ranked as a top priority by small and midsized employers, but not by large employers (Exhibit 6). In contrast, large employers listed specialized technical skills as a top needed skill, but small and midsized employers did not. This finding is consistent with the view that employees of small companies can be expected to perform multiple roles within the organization; therefore, general skills and the ability to communicate well are essential. By contrast, large companies often have narrower and more structured job responsibilities; therefore, specialized technical skills will tend to be viewed as important.

We also looked at the top skills needed for the most common industries in our sample (Exhibit 7). Both specialized technical skills and teamwork skills were noted as one of the top three skills needed across construction, manufacturing, and professional/IT industries. Basic skills were listed as a top skill for construction and manufacturing industries; and analytic and problem-solving skills as a top three skill for professional/IT industries.

Employers also reported on the importance of certifications and degrees for entry, mid-level, and supervisory managerial positions (Exhibit 8). Not surprisingly, more employers reported the need for higher levels of degree attainment at the supervisory/managerial level than for entry-level positions. For example, only 22 percent of all employers reported that having an industry-recognized credential was very important for entry level positions versus 50 percent who said an industry credential was very important for a managerial position. This credential was seen as more important in the construction industry than in manufacturing.

Employers were also asked how frequently they turned to various partners for advice regarding employee training needs. Overall, few employers said they received advice from different partners regarding employer training needs. For example, the most common partner from which employers reported receiving advice regarding training needs was staffing agencies, with only 28 percent of employers reporting they very frequently/frequently gathered advice from this type of partner. In contrast, the majority of employers reported never asking for advice from American Job Centers (AJCs) (80 percent), regional economic councils (74 percent), or the California Community Colleges Chancellor's Office (73 percent)

regarding training needs.

Given that employers generally reported they did not seek advice from partners regarding training needs, it is perhaps not surprising that employers also reported communicating less frequently with partners than they would want to communicate. Fifty six percent of employers said they engaged with regional economic councils less than they wanted, 50 percent stated they worked with AJCs less than they wanted, and 45 percent saying they work with the California Community College's Chancellor's Office less than they wanted. This finding suggests there is potential for amplifying partnerships between employers and these types of entities. Given this, well-targeted and well-conducted employer engagement efforts in support of employer training needs may have considerable potential for success.

Assessment of ETP's Support

Employers were asked how involvement with ETP had helped their companies.[12] Fifty-four percent of respondents strongly agreed that ETP had helped expand training opportunities to more of their employees and 50 percent strongly agreed that ETP had increased the quality of their existing training (Exhibit 9). Respondents also strongly agreed that ETP helped them to retain more of their employees (47 percent), strengthen pathways for employee

> ❝Employees became much better equipped to accomplish job responsibilities."
> *- Small employer*

advancement (47 percent), and improve employee morale through additional training (46 percent).

Small employers benefited from ETP primarily by learning about new employee training options (Exhibit 10). Midsized companies seemed to benefit most by improving their retention of employees and improving employee morale due to ETP's assistance with offering more training. Slightly over half of all large companies reported that ETP support helped them expand training opportunities to more employees.
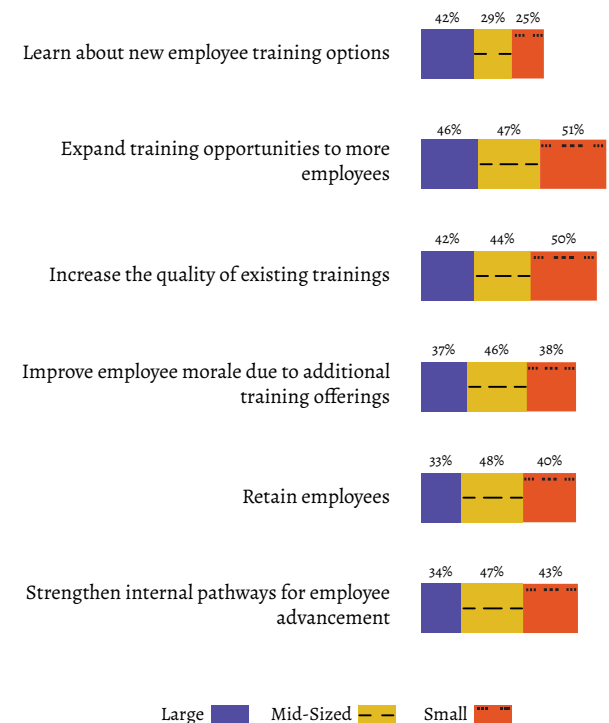
Employers also provided open-ended comments on how ETP involvement helped the company fulfill their training needs. Numerous respondents noted that ETP's support put "training in the forefront for our organization." This focus on training included

getting buy-in from senior leadership about training needs, providing trainings that had been put off in prior years, and simply "help[ing] make training consistent." Employers also described benefits to employees, including increasing the self-confidence and self-esteem of employees who received training, improving morale, and developing leadership skills of staff.

Exhibit 9. Percent of Single Employers who Strongly Agreed with ETP's Positive Effect

Expand training opportunities to more employees	54%
Increase the quality of existing trainings	50%
Retain employees	47%
Strengthen internal pathways for employee advancement	47%
Increase workplace safety	47%
Improve employee morale due to additional training offerings	46%

Exhibit 10. Percent of Single Employers who Strongly Agreed with ETP's Positive Effect, by Company Size

	Large	Mid-Sized	Small
Learn about new employee training options	42%	29%	25%
Expand training opportunities to more employees	46%	47%	51%
Increase the quality of existing trainings	42%	44%	50%
Improve employee morale due to additional training offerings	37%	46%	38%
Retain employees	33%	48%	40%
Strengthen internal pathways for employee advancement	34%	47%	43%

Large ▮ Mid-Sized – – Small ▪▪▪

Feedback on Training Needs

Employers also provided feedback on additional needs and support they would like to receive from ETP. The majority of the feedback focused on overall ETP processes and activities. Specifically, respondents reported that ETP should:

- **Lower the minimum wage requirements** for workers who can be trained using ETP funds to allow more entry and mid-level employees to participate, as well as adjusting the minimum wage requirements by industry;

- **Allow more types of training** to be eligible for reimbursement;

- **Fund or partially fund on-the-job training;**

- **Increase contract funding limits** for high growth companies who can utilize the funds to advance learning to more employees faster;

- **Improve the administrative processes** involved with applying for and obtaining ETP funds (e.g., making all training records web-based, reducing contract review and approval process);

- **Provide guidance on how to effectively use ETP funds;** and

- **Develop a basic library of training programs** that employees can use.

Conclusion

By learning about employer training practices and employer opinions of ETP's support, this survey gathered insight into how ETP can better support employers.

A key finding from this survey is that there are some differences in training practices by company size. All employers reported using a variety of training methods, both work-based and instructor-led. However, larger companies used productive labs and registered apprenticeships to a greater extent than small companies. Furthermore, large and midsized companies used more virtual training than small companies. Large companies provided soft skills training and managerial/supervisory skills more than small or midsized companies. These findings suggest that generally small and medium-sized companies have a greater need for training their workforce than large companies do. While this survey does not provide insight into why these differences exist, arguably, smaller companies have fewer resources to devote to training and less developed career pathways to inform the training needs for staff.

The top skill needed in the workforce varied by employer size, with 46 percent of large employers reporting specialized technical skills, 48 percent of midsized employers reporting teamwork, and 50 percent of small employers reporting communication skills as the top skill needed for their workforce.

Three-quarters of all employers also described difficulty in hiring employees with the right level of skills, suggesting that ETP's work is still critical to supporting both employers and employees. Indeed, employers highlighted a range of ways in which ETP supported their companies' training needs, helped put "training in the forefront" of their organizations, and benefited their employees. For example, 54 percent strongly agreed that ETP had helped expand their training opportunities to more employees, 50 percent strongly agreed that ETP had increased the quality of their training, 47 percent strongly agreed that ETP strengthened their internal pathways for employee advancement, and 46 percent strongly agreed ETP training improved employee morale. These findings suggest that ETP is meeting a critical goal of supporting both employers and employees. Future work for ETP may include opportunities to gather data directly from workers about how these trainings may have impacted them to elaborate on findings from this study. ■

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Appendix: Methods

SPR used a number of sources and methods to inform the development of the initial draft of the questionnaire used to conduct this survey. To ensure key survey themes were reflected in the survey, SPR worked collaboratively with ETP staff and used feedback from key informant interviews from ETP staff and partners. SPR also conducted six cognitive interviews with anticipated survey respondents in order to test the survey instrument.

Sample

We sampled across two types of employers that receive ETP resources:

- Single employers – employers with an active contract with ETP within the 2018 program year, including those who used a consultant to manage their contracts and those who managed their contracts on their own;

- Participating Employers (PEs) in Multiple Employer Contracts (MEC) – employers that access ETP funding through a MEC (not through a direct contract with ETP), some of which have very limited knowledge of ETP and its processes even though they are recipients of ETP resources.

All single employers with an active ETP contract and all PEs with an active email in ETP's system were invited to participate in the survey. Due to underrepresentation of PE construction companies in the sample, SPR added PEs from contracts no longer active to adjust for the limited representation. In total, the sample included 2,144 employers across California from a range of industries and company sizes.

Survey Administration

The survey was administered for a nine-week period beginning in July 2019 to all respondents in our sample. It was announced in a few venues including ETP's website. To ensure a strong response rate, the survey team conducted follow up-emails and telephone calls.

We received responses from about half of all single employers in the sample and 22 percent of PEs (see Exhibit A1). Across both types of employers, we obtained a 31 percent response rate.

Exhibit A1: Survey Response Rates

	Single Employer	PEs	Total
Sample	762	1,382	2,144
Surveys completed	369	304	673
Response rate	48%	22%	31%

Exhibit A2: Sample Characteristics Before and After Weighting

		Intended survey recipients Col %	Survey sample Col %	Weighted survey sample Col %
Employer type	Participating Employer in MECs	85	45	85
	Single employer	15	55	15
Regional ETP Office	Los Angeles	43	39	43
	Sacramento	14	24	14
	San Diego	17	26	17
	San Francisco	26	11	26
Company size	Small	43	20	43
	Medium	28	17	28
	Large	29	63	29
Industry	Construction	11	9	11
	Manufacturing	28	44	28
	Professional and scientific services and information	14	14	14
	Others	46	33	46

Weighting

For the analysis, we began by exploring the extent of potential non-response bias. If large differences between the survey respondents and the full pool of eligible survey participants existed, this could potentially bias the survey findings. To estimate the extent of potential non-response bias, we compared the characteristics of survey respondents to those of all companies that were surveyed. The variables used for comparison were obtained from administrative data collected by ETP. The characteristics that were available for comparison were company size, the regional ETP office to which companies were assigned, the industry in which companies were operating, and the employer type (single employers versus PEs). As described in Exhibit A2, the differences between actual and potential survey respondents were quite sizable.

In order to mitigate possible bias caused by nonresponse, we created nonresponse weights that were used to compute survey findings. The nonresponse weights were created using an iterative proportional fitting algorithm (also known as raking algorithm) that performs a stepwise adjustment of survey sampling weights to achieve known population margins. The adjustment process is repeated until the difference between the weighted margins of the variables and the population margins are deemed sufficiently close. In our case, as shown in Exhibit A2, weighting resulted in sample proportions that are almost identical to the intended survey recipients proportions. All the survey findings reported in this brief are weighted using this weighting variable.

Endnotes

1   Soft skills include training on communication, dependability, motivation, teamwork, amongst others.
2   To read the earlier program assessment and learn more about ETP, the supports they provide, and the types of employers they work with please see Goger, A., Negoita, M., DeFever, R., & Nowacyzk, P. (2018). State of California Employment Training Panel: Program Assessment. Oakland, CA: Social Policy Research Associates.
3   OJT is paid training that takes place at the worksite under the supervision of a manager or colleague.
4   Goger et al., 2018
5   For this report, small companies are defined as having 1-50 employees, midsized companies as having 51-250 employees, and large companies as having at least 251 employees.
6   Productive labs consist of hands-on instruction and skill acquisition under constant and direct guidance of a qualified trainer in a productive work setting.
7   Registered apprenticeships are an apprenticeship program that has been formally approved ("registered") by the California Department of Apprenticeship Standards in order to ensure that the program meets quality and safety standards. In contrast, "other apprenticeships" are apprenticeship programs that have not been registered with the California Department of Apprenticeship Standards.
8   Goger et al., 2018
9   Ibid.
10   Moore, R. W., Blake, D. R., Phillips, M., & McConaughy, D. (2003). Training that works: Lessons from California's employment training panel program. Kalamazoo, MI: W.E. Upjohn Institute.
11   Frazis, H., Gittleman, M., Horrigan, M., & Joyce, M. (1998). Results from the 1995 survey of employer-provided training. Monthly Labor Review, 118(5), 3-17. Retrieved from https://www.bls.gov/opub/mlr/1998/06/art1full.pdf
12   The results for this section are presented only for single employers (see the Appendix for more information). These employers had direct contract with ETP and therefore were more likely to be familiar with the services provided by ETP.