

KURT SCHMID

On the Benefits of Continuing Education

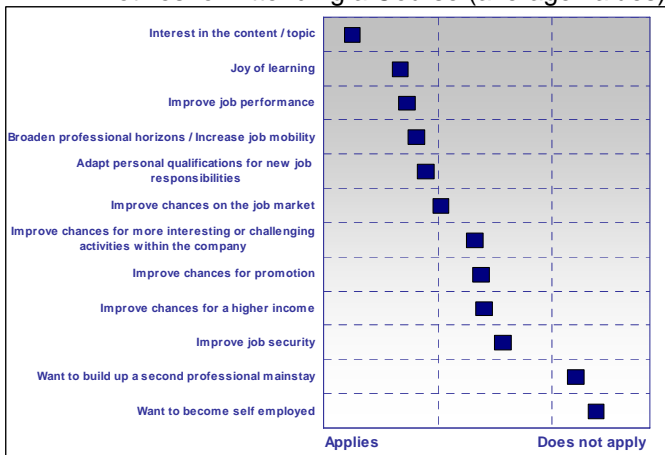
Individual Benefits of Continuing Education Based on an Example of WIFI Courses

International empirical studies on the benefits of continuing education measures confirm the consistently high returns on such investments. Up until now, there have been very few studies in Austria on this topic. The results of a current ibw study presented here represent a first step in increasing the level of information in Austria regarding this question. The study focuses on the analysis of the benefits for individuals/employees who attended primarily vocationally motivated continuing education courses. Furthermore, aspects of financing and promotion effects are also analyzed. A representative random sample of WIFI course attendants (in Lower and Upper Austria) from the winter semester 2006/07 was surveyed¹. This means that in most cases at least one year had passed since completing the course, making it possible to determine how attending the course had affected the participant's professional life. The evaluation is based on 1,118 completed questionnaires, providing a reliably broad empirical base.

Wide Variety of Motives for Participating in Continuing Education

The motives for attending a course vary widely (see III. 1) and for the most part multiple motives are pursued simultaneously.

III. 1: Motives for Attending a Course (average values)



Source: ibw WIFI Course Participant Survey 2008

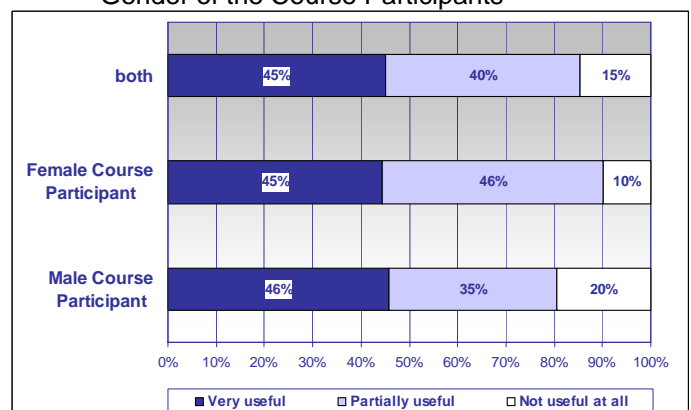
Roughly speaking, four different motives can be determined: Of particular importance for all the course participants is intrinsic motivation, in other words an interest in the contents/topics of the course and a general joy of learning. The second motive is strongly influenced by a desire for advancement (higher income, "career", more interesting/challenging job responsibilities). The third motive focuses on changing qualifications (job assurance, adapting to new job responsibilities etc.).

Special needs (becoming self employed, building up a second professional mainstay) play a role in the fourth motive for attending courses in continuing education. The latter, however, is only relevant for a small group of course participants.

The motives for attending a course vary only slightly between men and women. One finding that stands out, however, is the somewhat higher importance of interest in the content/topics of the course and a general pleasure in learning among female course participants. In comparison, all the other motives tend to be somewhat more important for the male course participants (in particular those motivated by job advancement).

Knowledge Taught is Highly Useful in a Vocational Context

III. 2: Usefulness of the Knowledge Taught in a Vocational Context; Distribution According to Gender of the Course Participants



Source: ibw WIFI Course Participant Survey 2008

Regarding the question “To what extent have you been able to apply the knowledge you gained from the WIFI course in your current job activities/your profession?” a clear picture emerges (see III. 2): Almost half of those who completed a course found the course to be very useful in their work context and for a further approximately 40% the course was at least partially useful.

Only a mere 15% found the knowledge gained from the courses to be absolutely inapplicable in their professional context (one must consider however, that course participants in this group in particular attended the courses predominately out of private interest).

The Benefits of the Courses are Manifold

The benefits of WIFI courses are manifold. They range from job security and updated individual knowledge of interesting job activities to a better professional position (“career”) as well as higher income. Often those who complete a course see multiple benefits from the course. For almost 20% of those surveyed, the course directly contributed to the person now having a higher income.

Merely one third of the course participants did not perceive their participation in a course as having had a direct effect on their professional life (on the one hand this does not exclude indirect effects of attending a course, and on the other hand for many course participants the motives for attending a course were primarily private rather than professional).

The likelihood that continuing education can lead to a change in employment and that the company therefore “loses” possible investments (in the form of time provided off work and direct (co)financing of course costs), is to be evaluated as conflicting: Although only 5% of those who completed a course stated that attending a course had directly contributed to a change in employment, approximately one-fifth of those who attended a course did indeed change employers.

If one relates the stated effects to the original motive for attending the course, a very high degree of realization can be determined:

- Almost half of the course participants who stated that their motivation for attending a course was job assurance or that they wanted to “keep up to date”, reported that they were able to realize their goal.
- More than 40% were able to attain more interesting job activities in keeping with their motive to attend a course.
- A third of those questioned also improved their career position in accordance with their motives.
- Also in keeping with their motives for attending a course, a third of those questioned were also able to achieve a higher income level.

Furthermore, there were many course participants who also reported yet other effects from attending a course.

According to these findings an additional approximately 28% of these course participants see the fact that they attended a course as having had an effect in relation to securing their job and keeping their knowledge up to date. Approximately 12% now have more interesting job activities and 5% of the course participants now earn more, even though this was not their motive for attending a course.

Those Who Completed a Course Now Earn Approximately 11% More Than Before Attending a Course

Those who completed a WIFI course in the winter semester 2006/07 currently earn approximately 11% more than they did before attending a course. This increase in income cannot be attributed to attending a course alone however. For it must be assumed that the group who attended continuing education courses also predominately exhibit above average motivation, ambition, industriousness etc. and that these characteristics and behavioral patterns are also present in a professional context and would have therefore led to an increase in income even if they had not attended a course.

Completion of a Course Led to an Increase in Income for a Fifth of Those Who Completed a Course

The survey also contains an estimate as to whether the WIFI course had a direct causal effect on the increase in income. The financial effect of courses can be estimated based on a comparison of the statements made in the survey. Course participants who said that...

- ... the WIFI course had no direct influence (82% of those surveyed) report an average increase in income of 9%;
- ... the WIFI course had a direct influence (18% of those surveyed) report an average increase in income of 23%.

In other words: 18% of those who attended a course report that the course directly led to an average income increase of 23%. In comparison, the income of the “control group” of employees who have not participated in continuing education during the last 5 years only increased by approximately 5% during the same time period. The percentage of female course participants who reported that the course directly affected their income is, at 15%, lower than that of male course participants. However, the average increase in income for female course participants who reported a direct effect on their income is, at 30%, considerably higher than that for males (10%).

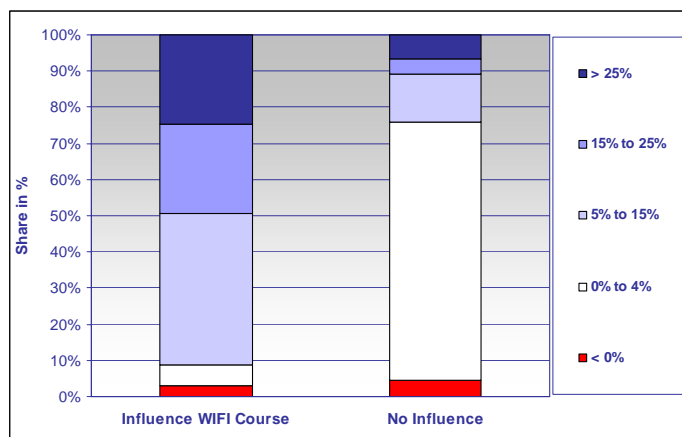
Heterogeneousness of the Income Effect

III. 3 shows the distribution of the income changes independently of the self estimation of the course participants as to whether the course had a direct influence on their change in income.

Clear differences can be recognized: Among those participants who do not believe a course influenced their income, three quarter reported that their income remained practically unchanged (category 0% to +4%), and 24% said that their income had increased (primarily in the category +5% to +15%).

In comparison, half of the course participants who felt that attending a course directly influenced their income reported that it had increased by more than 15% (primarily in the categories +5% to +15% as well as +15% to +25%) and for a further 40% the income increase was between 5% and 15%.

III. 3: Distribution of the Income Change Dependent on the Influence of a WIFI Course: Difference in Income per Working Hour before and Approximately One Year after Attending a Course (In % of the Income before Attending a Course)



Source: ibw WIFI Course Participant Survey 2008

Evaluated according to **course contents**, it is revealed that all the topic fields “return” positive income effects. According to the course contents there are differences regarding the middle income growth as well as the percentage of course participants with an observable direct income effect.

Courses also have the potential to generate income growth for every **professional position** (from production to management). On the other hand it must be considered that these income effects do not emerge for all of the course participants and that they vary in terms of amount.

It can be said that courses that last longer (and are thus often more cost intensive) tend to lead to greater increases in income than relatively short/less expensive courses. This may be attributed to the higher qualification effect of the former course type.

Whether income growths are achieved that exceed the income increases of the collective bargaining agreement depends very strongly on whether or not an arrangement/agreement was reached with the employer before attending the course. This effect was to be expected. Surprising however, was the limited number of

such statements: Only 45% of the course participants accordingly made arrangements/agreements regarding aspects of attending a course with their employers beforehand. This also reflects the high degree of individual initiative: 80% of the course participants said that their participation was primarily due to their own initiative and only 17% say they were encouraged to participate by their company.

Increases in income were, however, not only realized in “existing” companies, but also among course participants who changed companies after attending a course. The results imply that this group was able to achieve an increase in income even more often than course participants who remained employed with their “old” company.

The income level before attending a course also had an effect: The higher the income before attending the course, the more often only a smaller income increase was achieved.

Financing Aspects

In addition to the motives and benefits of participation in a course, the study also examined the financing aspects. The results showed that WIFI courses are characterized by an **investment of mixed resources**: Companies contribute in the form of direct financing for courses as well as providing time off work and individuals make their contribution in the form of sacrificing their personal time and in directly financing the course costs. Thus companies completely covered the course costs for 36% of the course participants and at least partially covered the costs for a further 9%. For 20% of the course participants the course took place either completely or partially on company time².

However, financial assistance through public funding also plays an important role. Thus 43% of all the course participants received financial assistance through public funding to cover the course costs. On the average, this group was “refunded” almost two-thirds of the direct course costs. This percentage of financial assistance also reflects the subject oriented financial assistance through public funding in both provinces of Upper Austria and Lower Austria (OÖ-Bildungskonto, NÖ-Bildungsförderung).

It must be considered that this form of mixed resource investment is shifted slightly differently for external WIFI courses as compared to the financing structure for continuing vocational education in general: Namely for every type of continuing education included in the study, almost two-thirds (63%) of the employed course participants attended their last course completely or for the most part on company time, and somewhat more than one-third (36%) attended a course predominantly or exclusively on their own time (source: Mikrozensus 2003 ad hoc Modul Lebenslanges Lernen - Microcensus 2003 ad hoc Module Life-long Learning).

If one considers for WIFI courses the **complete or partial financing of the course costs by the company** as well as the various means of **financial assistance through public funding**, it is revealed that the group that receives financial assistance attends longer lasting/more expensive courses. For half of all the course participants there are de facto no personal costs to attend a course. A further noteworthy funding effect can be seen in that the course selection of the financially weaker course participants does not differ from those of the financially stronger course participants, or in short: course participants with lower incomes apparently do not select “cheaper” courses.

An (at least partial) **course financing on the part of the company** and **course participation on company time** are strongly dependent on whether or not an arrangement/agreement was made with the employer about the continuing education measures before attending a course. Furthermore, it was revealed that this is also influenced by which course is concerned (in terms of course content, course duration, and course costs). And the longer a course lasts (or the more cost intensive a course is), the less often the course is financed by the company. From a company standpoint this may be due to more than just pure cost factors. Other issues may also play a role such as reservations regarding the time constraints of the employee when attending longer courses or the fear that the employee may change companies after completing the course.

Taking advantage of financial assistance through public funding of course strongly depends on whether or not there are actually any course costs for the participant. In addition it also depends among other things on the relation of the full course costs (without financial assistance) to income level of the participant. The higher the ratio of course costs to income, the more likely financial assistance is to be applied for, or the higher the social level, the less likely the participant is to take advantage of financial assistance.

External Continuing Education Courses Generate Benefits for the Company

As was shown, the increase in income for the group of participants who completed a WIFI course in this study were considerably higher than the income increases due to the collective bargaining agreement or an increase in seniority. Companies, however, are only prepared to make such income increases when they also promise to benefit the company (e.g. in the form of increased productivity/higher innovation potential etc. through better qualified employees).

remains however, as to who it benefits more. International empirical studies have mostly concluded that the increase in productivity for the company are higher than the increase in income of the employees who attend continuing education courses. However, these studies merely consider monetary effects. Non-monetary effects such as job security, expansion of the professional activity portfolio and job satisfaction of the employee are not considered.

As the results of this study show however, it is often exactly these non-monetary effects that the course participants are striving for and which also have the largest effect in the professional context. Limiting the analysis to purely monetary effects is therefore not sufficient to reflect the reality of vocational continuing education both with regard to the motivation for attending such courses as well as to their effects.

Further proof of the fact that external WIFI courses also benefit the companies can also be deduced from the previously presented results regarding resource investments: Even though employees primarily attended courses out of their own initiative, the company (at least partially) bore the costs of the course for 45% of the course participants. And for 20% of the course participants, the course took place either fully or partially on company time.

This research brief was only able to touch upon a few of the highlights of the study. The final report was published as:

Schmid Kurt: „Zum Nutzen der Weiterbildung. Internationaler Literaturreview und individuelle Weiterbildungserträge von TeilnehmerInnen an WIFI-Kursen“, (On the Benefits of Continuing Education. International Literature Review and Individual Benefits of Continuing Education Based for WIFI Course Participants) ibw-research brief No. 144, 2008.

The study is available for download free of charge at: <http://www.ibw.at/html/fb/fb144.pdf>

¹ The empirical results are based on a representative random survey of WIFI course participants in Lower and Upper Austria from the winter semester 2006/07. The survey was conducted through telephone interviews in the summer of 2008.

² Complementary thereto, three quarters (78%) of the course participants attended a course completely on their own time. A good half (55%) of the course participants financed the course costs entirely by themselves (whereby various forms of financial assistance have not yet been taken into account). A further 9% at least partially financed the courses themselves.