

Value of Worker Training Programs to Small Business

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Purpose

A 1992 report on small firms and job training found interesting results but is becoming dated. The present report attempts to update and extend the previous report. The new report answers the following questions: Are there still firm size differences in the knowledge and use of government training programs? Has the overall use of these programs increased or decreased? What are the major factors behind the decision to use or not use government training programs? Are firms that use government training programs satisfied with them? What changes would make government training programs more useful to small businesses?

Scope and Methodology

The 1992 SBA Training Survey found that only half of businesses with fewer than 25 employees had heard of government training programs, and more than three-quarters of businesses with 500 or more employees had heard of government training programs. Firm size differences in the percentages of firms that had hired workers using one of these programs were even greater.

The new 2001 SBA Business Training Survey is similar to the 1992 survey and includes many of the same questions focusing on training programs and their objectives. The new survey aids in comparisons over time, and has a series of new questions that deal with experiences with government training programs. The 2001 survey included 158 federal, state, and local programs in eight states in the sample, and 1,024 completed interviews.

Highlights

Targeting Small Businesses

- Programs targeting small businesses are more likely to offer apprenticeship training, culture-based training, essential workplace skills, safety training, training on industrial quality standards, literacy skills, management skills, and customized training.
- Programs that do not target services to small businesses are more likely to focus on computer or software training.
- Within the 59 training programs that reported a particular focus on small firms, a variety of services were included—some targeted to employees and others to the owners of small businesses. Almost 70 percent of the administrators reported that they were satisfied or very satisfied with how well the small-business-targeted services were working.
- Elements that small businesses find useful include affordability, customized training programs; flexible times, modes, and locations; and programs that provide various employer and employee skills.
- Once businesses start using the programs, most are fairly pleased with them. However, a significant minority of firms, particularly smaller firms, would not use these programs again and think that they do not meet their needs. In addition, a growing perception among those graduating from the programs is that individuals are not adequately trained. Thus, it appears there is the potential to improve the value of government training programs to small businesses.

Trends

In both 1992 and 2001, larger firms were more likely to have heard of and used government training

programs. However, between 1992 and 2001, the awareness and use of these programs dropped dramatically in all firm size categories. The largest drop was in the smallest firm size categories.

Between 1992 and 2001, the composition of training programs used most by businesses also changed noticeably. In 1992, the smallest firms were much more likely to use state and local training programs, while the largest firms were much more likely to use federal training programs. In 2001, different firm size categories used similar combinations of federal, state and local, and other programs. This can be an important opening for policymakers to increase the value of government training programs to small firms.

Ordering Information

The full text of this report and summaries of other studies performed under contract with the U.S. Small Business Administration's Office of Advocacy are available on the Internet at www.sba.gov/advo/research.

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