

# *Training While Unemployed*

**Final Report**

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# *Executive Summary*

The recent publication of *Knowledge Matters: Skills and Learning for Canadians* highlights the importance of human capital as a means of improving the economic well-being of Canadians. This monitoring report looks at a subset of the issues in the document with a focus on the participation in training while unemployed. The report looks at:

- The range of training undertaken by the unemployed, including types of training and time spent in training;
- The characteristics of the unemployed who take training (e.g., gender, age, region and factors relevant to job search); and
- The opinions of the unemployed concerning the perceived value of the training taken.

## **Data and Methodology**

The report uses data from the Canadian Out-of-Employment Panel (COEP) survey of individuals with a job separation between the fourth quarter of 2000 and the third quarter of 2001.

## **Main Findings**

A primary finding of this monitoring report is that a significant portion of the unemployed, 12.2 percent, participate in some form of training while unemployed.

The courses taken by the unemployed vary widely in time commitment and type.

- Although the median number of hours spent on a course per week was 16, and the course lasted 6 weeks, half of the unemployed who took training were in courses that required between 7 and 30 hours a week. Similarly, half of the unemployed who took training were on courses that lasted between 2 and 12 weeks.
- Of the eight course types, three types made up 80 percent of the participation: trade vocational courses (32.3 percent), courses provided by post-secondary institutions (16.4 percent) and the “other” category (31.9 percent). Other types of courses included job search techniques (10.8 percent) and computer training (11.3 percent).

All the major categories of unemployed participate in training to some degree, although there is considerable variation among some groups:

- By demographic categories, females and youths are slightly more likely to take training than average. Among the HRDC equity groups (i.e., females, aboriginals, visible minorities and persons with disabilities), all but persons with disabilities have slightly more than average likelihood of taking training while unemployed.

- Education appears to be a key factor, as university graduates are much more likely to take training than those who did not complete high school.
- Location is also a factor. Those in rural areas are three percentage points less likely to take training. The unemployed in British Columbia are seven percentage points more likely to take training than those in Atlantic Canada.
- Those who receive EI or have been unemployed for a longer time are more likely to take training.

Training is perceived as being useful in improving job prospects in 76 percent of the cases. However, there is a significant variation in the responses among types of training:

- Virtually none of the unemployed who took courses to improve their reading and writing or numerical ability found the courses helpful in improving job prospects.
- A substantial portion found the job search and computer courses useful.
- Highly specialized courses that were placed in the “other” category were found to be the most useful followed by trade vocational courses and post-secondary courses.



# *1. Introduction*

Human Resources Development Canada's recently released *Knowledge Matters: Skills and Learning for Canadians* highlights the importance of increasing human capital as a means of improving the economic well-being of Canadians. This monitoring report looks at a small subset of the question with the focus on training during experiences of unemployment. Specifically, this report:

- Discusses the data and definition of training used in this analysis;
- Provides a look at the range of training undertaken by the unemployed, including types of training and time spent on course;
- Examines the characteristics of the unemployed who take training (e.g., age, gender, region and factors relevant to job search); and
- Examines the opinions of the unemployed concerning the perceived value of their training.

This report is not a formal evaluation study. Therefore, the presentation of the statistics is more descriptive in nature, and the focus is more on the intuition behind the results that are presented. Formal testing of hypotheses is deliberately avoided, and the report does not include quantitative estimates of the effects of training on the experiences of the unemployed. Also, no one aspect of the EI system is highlighted in this report because the intention is to provide contextual background for the 2002 Monitoring and Assessment Report.



## 2. Definition of Training

### 2.1 Source of Data

The data used for this study come from the Canadian Out-of- Employment Panel (COEP) survey.<sup>1</sup> This is a survey of roughly 14,500 individuals who have experienced a termination in employment at some time between the fourth quarter of 2000 and the third quarter of 2001. The survey was designed to collect a substantial body of information on the experiences incurred during unemployment and includes a series of questions related to training.

### 2.2 Questions Used to Identify Training

Every COEP respondent is asked the following question roughly ten months after the job loss:

**“Did you take any training or education SPECIFICALLY for CAREER OR EMPLOYMENT purposes at any time since [date of job termination]?”**

This question is fairly general in nature and elicits wide responses. It should be noted that this question will eliminate training taken for personal interest. Table 1 shows that 23.2 percent of the respondents said that they had taken some form of career-related training. Further questions are included in the COEP survey concerning the type of training and the amount of time involved.

### 2.3 Sample Frame

The 23.2 percent replying “yes” to the general training question includes all individuals who have experienced a job termination. It also applies to the entire 10 months after job loss. Further questions are asked to determine when the training occurred relative to the spell of unemployment. This information allows the identification of training while unemployed.<sup>2</sup> Therefore, the sample used in this report is refined to include only those individuals who:

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<sup>1</sup> See Appendix A for more information. For a complete description see *The Canadian Out-of-Employment Panel (COEP) Survey: A Tool for Legislative Oversight Monitoring, and Evaluation*.

<sup>2</sup> Any training that occurred during an employed spell is omitted from the analysis.

- Did not return to school full time (i.e., anyone who was on a course for at least 16 weeks and for 11 or more<sup>3</sup> hours per week of classroom time was excluded); and
- Individuals who had a period of non-employment and who conducted a job search during that period.

<b>Table 1</b>	
<b>Took Training During 10 Month COEP Sample Period</b>	
<b>(percent)</b>	
All of COEP	23.2
While Unemployed	12.2
Source: COEP	

After these adjustments were made, the COEP data showed that 12.2 percent of the unemployed had taken some form of training during their spell of unemployment. This corresponds to slightly more than 225 thousand individuals over a ten-month period,<sup>4</sup> which is much higher than the 130,000 individuals<sup>5</sup> reported as being involved in Employment Benefits and Support Measures (EBSM)-based skills development.<sup>6</sup> The higher number from the COEP survey indicates that a substantial portion of individuals obtain training without the help of the EBSM component of EI.

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<sup>3</sup> 11 hours was chosen because that is the definition used in the EI regulations. 16 weeks was chosen because that would be the length of time that a person would be involved in a half-term course at a university. If the period had been longer during the 10 month survey period the individual would be considered a full-time student.

<sup>4</sup> This number cannot be easily compared to the Labour Force estimates of Unemployment. See Technical Note 1.

<sup>5</sup> See page 33 of the 2001 Monitoring and Assessment Report. Note that the 10 month window precludes training done after that point.

<sup>6</sup> The Employment Benefits and Support Measures, EBSM, based skills development refers to the bulk of the training associated with HRDC.

### 3. Nature of Training

The central message of this section is that there is a wide variety of training taken by the unemployed. This wide variety occurs in the amount of time spent on course as well as in the type of course.

#### 3.1 Amount of Time Spent on Training

Table 2 shows the range of time spent on training. This is seen from both the hours per week and the number of weeks spent on the course. The median number of hours spent on a course per week is 16. However half of the unemployed, who take training, take courses that require between 7 and 30 hours per week.

Percentile	10	25	50	75	90
Hours	4	7	16	30	40
Weeks	1	2	6	12	24

Source: COEP

Note: Each column gives the estimate for that percentile. For example, the second column indicates that the bottom 25 percent went on training for 7 hours and 2 weeks.

A similar story can be told for the weeks spent on the course. The median course lasts for 6 weeks. However, half the unemployed who took training were on courses that lasted between 2 and 12 weeks.

It is interesting to recall that all those who train for at least 16 weeks *and* for 11 or more hours per week are omitted from the data set so as to exclude full-time students. This implies that the 10 percent who trained for more than 40 hours a week would have done so for less than 16 weeks.

#### 3.2 Types of Training

A question was asked to identify the kind of training undertaken by the unemployed. Table 3 gives the detailed responses. Trade vocational courses are by far the most popular (32.3 percent of the unemployed who take courses take trade vocational). Courses given by colleges or universities are the next most popular (at 16.4 percent), and computer are the third (at 11.3 percent) most popular courses taken.

It is interesting to note that, although the COEP survey questionnaire considered the possibility of taking more than one type of course, this was a relatively rare event. The average person who took at least one course while unemployed took 1.10 course types.<sup>7</sup>

<b>Table 3</b> <b>Course Type While Unemployed</b> (percent)	
Reading and Writing	1.3
Math	0.3
Computer	11.3
Learn another Language	3.8
Job Search Techniques	10.8
High School	2.6
Post-Secondary	16.4
Trade Vocational	32.3
Other	31.9
Source: COEP	
Note: Will not add to 100 as an individual can take more than one type of course.	

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<sup>7</sup> This can be seen from Table 9.

## 4. Participation in Training

### 4.1 By Demographic Group

Table 4 indicates that males have slightly below average likelihood to train while unemployed. Interestingly, older workers and prime age group have near identical patterns.

<b>Table 4</b> <b>Training while Unemployed by</b> <b>Demographic Characteristics</b> (percent)	
Total	12.2
Male	11.6
Female	13.2
Youth (less than 25)	13.3
Prime Age (25-54)	11.9
Older (55+)	11.5
Source: COEP	

### 4.2 By Equity Group

Table 5 indicates that all four of the HRDC equity groups, which are self-identified in the COEP survey, are able to acquire training during unemployment. Those with disabilities are slightly below the average. The other two groups are above the average, with visible minorities somewhat higher at 16.5 percent.

<b>Table 5</b> <b>Training While Unemployed by Employment</b> <b>Equity Group</b> (percent)	
Total	12.2
Females	13.2
Aboriginals	14.3
Visible Minority	16.5
Persons with Disabilities	11.3
Source: COEP	

### 4.3 By Education and Training

Table 6 shows the substantial impact of formal education on training. This would be consistent with a view that one of the values of education is that an individual learns how to learn. The participation in training by those with elementary level education is almost non-existent. Those with some or who completed secondary education are slightly less likely than average to take training. Those at the community college level are near or above the average, and the University educated are by far the most likely to train while

unemployed (i.e., those who have completed a university degree showed a 23.2 percent chance of taking additional training during a period of unemployment).

Some Elementary	1.4
Completed Elementary	0.2
Some Secondary	8.9
Completed Secondary	9.2
Some Community College	15.9
Completed Community College	12.8
Some University	17.2
Complete University	23.2
Other Education <sup>1</sup>	6.5
1. Includes no schooling	
Source: OEP	

#### 4.4 By Local Labour Market

Many factors can affect both the supply and demand for training in the wide variety of local labour markets that an unemployed person may face. Table 7 shows that the region of the country plays a considerable role in training. The unemployed in Atlantic Canada are about 3 percentage points less likely to take training than the average, while those in British Columbia are approximately 4 percentage points above the average. The unemployment rate appears to play a relatively small role.<sup>8</sup> However, Table 7 shows that the unemployed in areas that are considered rural<sup>9</sup> are less likely to take training while unemployed (i.e., about 3 percentage points below the average). The present data cannot show whether this is due to a lack of supply of training opportunities or a lack of demand in these areas. This effect would help to explain the low concentration of training in the Atlantic Provinces, which is a region that is the most rural.

Total	12.2
Atlantic	9.0
Quebec	12.3
Ontario	12.0
Prairies	12.2
British Columbia	15.8
Unemployment Rate Over 10	10.1
Rural	9.0
Source: COEP	

<sup>8</sup> The unemployment rate of the EI economic region of the COEP respondent is used. The EI economic region refers to the geographical divisions that are used in the administration of the EI act.

<sup>9</sup> The Canada Post definition of “rural” is used. See <http://www.canadapost.ca/tools/pg/manual/b02-e.asp#c001> for further explanation.



## 4.5 By Nature of Job Search

The characteristics of the job search will undoubtedly play a role in the extent to which training is undertaken. Table 8 shows that those who took training were out of work for almost 13 weeks longer than those without training.<sup>10</sup> One possible explanation is that a longer spell of unemployment increased the likelihood the individual would take the time to participate in a course.

<b>Table 8</b>			
<b>Nature of Job Search</b>			
<b>(percent unless noted)</b>			
	<b>had training</b>	<b>no training</b>	<b>total</b>
Weeks Unemployed	44.8	32.1	33.6
Received EI	37.9	36.4	36.6
Hours per week on last job	41.0	41.7	41.6
Percent willing to take Part-time Work	63.5	57.3	58.0
Number of Job Search Techniques Employed During Job Search	4.3	3.9	3.9
Hours per week spent searching for a job	14.0	13.1	13.2
Source: COEP			

Other results in Table 8 also suggest that those who took training experienced greater difficulties in job search. For example, those who took training spent one more hour per week in job search and they were 6 percentage points more willing to accept part-time work. Also, they used more possible job search techniques to find a job. In addition, those who took training were slightly more likely to receive EI. This could be due to the fact that EI claimants are more likely to qualify for government subsidized training and that EI allows the unemployed to conduct higher quality job searches.

## 4.6 Perceived Value of Training

As noted in the introduction, this report is not intended to be a formal evaluation and is not attempting to assess the actual impact of training. However, it is useful for this analysis to include the responses to the COEP question on the perceived value of the training undertaken by the unemployed:

**“Which type of training was MOST helpful in finding a job or improving career opportunities?”**

<sup>10</sup> The duration estimates given here are higher than what would be seen in the Labour Force Survey (LFS) as these are completed spells of unemployment whereas the spells given in the LFS are still ongoing.

The first column of Table 9 gives the results from this question. Specifically the first column gives the share of the unemployed who received training and answered yes to the above question by the type of training they received. The last column shows the actual take-up of each type of course by the unemployed (same as Table 3).

<b>Table 9</b> <b>Perceived Impacts of Training</b> (percent)		
<b>Type of Training</b>	<b>Perceived as helpful</b>	<b>Actual Take Up</b>
Reading and Writing	0.2	1.3
Math	0.1	0.3
Computer	7.0	11.3
Learn another Language	1.9	3.8
Job Search Techniques	6.4	10.8
High School	1.9	2.6
Post-Secondary	10.4	16.4
Trade Vocational	22.6	32.3
Other	25.6	31.9
<b>Total</b>	<b>76.1</b>	<b>110.7</b>
Source: COEP		

The overall results indicate that 76.1 percent of those who took training while unemployed thought at least one of the courses were worthwhile.<sup>11</sup> There was significant variation among the types of training, however. For example, although 1.3 percent of the courses taken by the unemployed were courses in reading and writing, virtually zero percent found their course helpful in finding a job. A similar result was obtained for math-related courses. For computer courses, however, a more positive result was obtained. In this case, computer courses accounted for 11.3 percent of the courses taken by the unemployed, and 7 percent of the unemployed identified them as helpful. A high rate of positive response was also encountered for courses in job search techniques. The highest responses were experienced by the “Other” category followed by “Trade and Vocational courses”. As shown in Table 9, 31.9 percent of the courses taken by the unemployed were in the “other” category and 25.6 found those courses helpful in finding a job or improving their career opportunities.

## 4.7 Conclusions

This analysis indicates that 12.2 percent of the unemployed participate in some form of training while unemployed.

<sup>11</sup> The construction of the survey is actually more complex than given in the above text. Respondents are actually first asked if any of the training that they had received was worthwhile. Only if they respond positively and have more than one course are they asked the above question concerning which course was the most valuable. It should be noted that the components do not sum exactly to the total due to issues with missing values.

The training the unemployed take is highly varied in nature.

- Although the median number of hours spent on a course per week was 16, and the median course lasted 6 weeks, half of the unemployed who took training were in courses that require between 7 and 30 hours per week. Similarly, half of the unemployed who took training were on courses that lasted between 2 and 12 weeks.
- About 80 percent of the courses taken by the unemployed were trade vocational courses (32.3 percent), courses provided by post-secondary institutions (16.4 percent) or were highly specialized in nature (31.9 percent).

There is also some variation in the participation in training.

- Formal education is a key factor, as university graduates are much more likely to take training than those who did not complete high school.
- Location is also an important factor. Those in rural areas are less likely to take training, and the unemployed in British Columbia are 7 percentage points more likely to take training than those in Atlantic Canada.
- EI can be seen as facilitating the participation in training.

Overall, 76 percent of the unemployed who took training while unemployed perceived the training to be helpful, although there was substantial variation among training types.



## ***5. Appendix: The COEP Data Set***

The study used the Canadian Out of Employment Panel survey as the basis of analysis of this study. This survey is conducted for HRDC to allow for a better understanding of the labour market experience of the unemployed. A series of questions are included to determine the use of training after job loss.

The survey is based on a sample of employed individuals who have recently experienced a job loss. The data is linked to HRDC administrative data so that the receipt of EI and the participation in programs can be determined. The data used for this survey was based on individuals who had lost jobs at some time between the fourth quarter of 2000 and third quarter of 2001. The surveys were conducted from September 2001 to May 2002 and included roughly 14,500 individuals.