



Enterprises can help increase access to training and Lifelong Learning: Opportunities and responsibility

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ENTERPRISES CAN HELP INCREASE ACCESS TO TRAINING AND LIFELONG LEARNING: OPPORTUNITIES AND RESPONSIBILITY

About the author

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Dr Silvia Castellazzi has researched and consulted on training and education topics for many years. She has worked on several evaluations of structural funds, on human capital and skills assessments. She has experience in online education, in executive education and has written almost two dozens case studies on strategy management. Silvia holds an MA in Philosophy from Milan University, Italy, and received her PhD at Zeppelin University, Germany.

In her PhD she has investigated the role of companies in providing training to their employees and the scope of corporate responsibility in supporting the employability of the own workforce. Her research interests and activities are focused on (business) professional and executive education, leadership and corporate responsibility, the future of labor and new forms of work organization.

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Enterprises play a key role in the provision of training and lifelong learning to employed people. Understanding how companies take decisions on learning and how access to training is distributed helps understand how the role of enterprises can be leveraged to extend access to training and reduce exclusion. In this policy brief we outline main findings from research on training management and give some recommendations on how policy schemes can help increase the positive impact of enterprises.

Introduction

In today's complex and fast-paced economies, the opportunity to gain new skills and increase the own level of employability is key to remain in the labor market in a future-secured position. More than job security, it is employment security that has become relevant. Individuals are expected to and supported in switching between jobs as market conditions and career opportunities change.

Lifelong learning and training are important to support one's employability

Training (both for transversal and job-specific skills) and a continuing approach to learning are recognized as fundamental drivers of this individual capacity of remaining employable, and as such have received much attention at policy-making strategic level (Hillage & Pollard, 1998).

However, despite the overall consensus that training and lifelong learning are important and can represent a win-win for companies, individuals, and society at large, data show that much can be done in expanding access to training opportunities and effective usage of adult education initiatives. Despite the increase in overall participation rate and expenditure, segmentation across different groups of employees is still remarkable and those who are at higher risk of exclusion (from the labor market; from society) are paradoxically those who participate less (see the Key Observations section below for data).

Policy interventions have tried to tackle this paradoxon, known in sociology as 'the Matthew's effect', following different approaches and at different levels. Much attention has been devoted to the role of the individual, of the responsibility of training oneself further, of gathering information and investing in the own future.

Different approaches and policy schemes help support investments in training

Therefore, policies support access to information, the possibility of taking leave from work, of combining training and other chores, of scholarships and reduced/cancelled fees. All these policy efforts more or less implicitly assume that there are obstacles on the side of the participating individual – be it in her time and information ability, or in her purchasing capacity.

Other policy schemes targeted enterprises and supported or incentivized them to train by setting up schemes which could decrease their marginal costs of training (in the form of subsidies for training, tax discounts), or increase the marginal benefit of training (reduced labour costs). The assumption behind these interventions is that there are cases of underinvestment in training which can be removed by selectively incentivizing companies (Brunello & De Paola, 2004).

However, why are so many not included in training and lifelong learning initiatives?

These approaches and the assumptions behind are all useful and recognize important elements of the training provision and training economics. However, much remains unclear and untackled. Many countries support in fact an open access to training through legislation, subsidies, and information, and there is formally no discrimination on who can access training and lifelong learning initiatives. The potential benefits of training, due to changes in demographics and technology, are also hardly debated. How can it then be that so many are not included in training programs and learning?

In the approach we follow, the segmentation in the access is understood as the result of existing incentive-structures which are not able to counteract the formal legislation and the potential inclusion. In our research we thus aimed at clarifying why some investments in training (in certain groups; in certain skills) happen, and why others do not. We conceptualized every training investment as the result of a (successful) interaction of different actors concerning a decision on training: companies, HR function, leadership, trade unions representatives, employees, training providers.

We reconstructed in two EU countries (Germany and Italy) interaction processes and existing incentive systems, agendas and preferences of the actors involved and the bearing these elements have on training decisions.

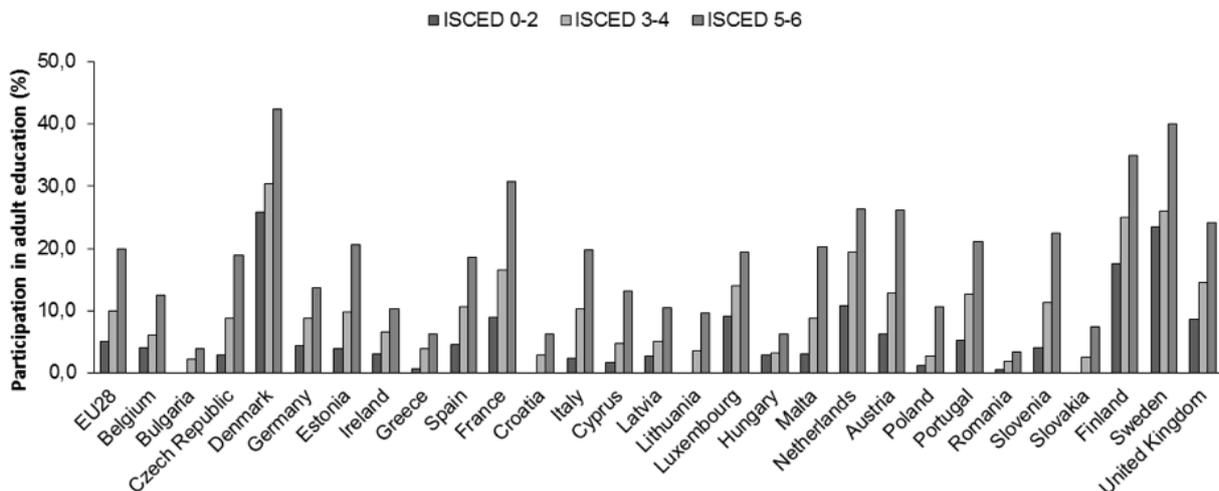
The key observation section of this policy brief contains key findings and excerpts from primary data collected during the research; the recommendations section highlights the policy implications of the findings and draws some recommendations for policy makers.

Key observations

Participation in training and adult education still very segmented

Data confirm that participation rates in adult education (formal and non-formal training) strongly vary across employed people depending on their educational attainment (Figure 1), so that individuals with lower qualifications participate proportionally less than people with higher degrees.

Figure 1: Participation rates of employed individuals in adult education by educational attainment, 2014



Broadly speaking, ISCED levels 0-2 correspond to no qualifications-lower secondary degree. ISCED levels 3-4 correspond to higher secondary degree/vocational training qualification. ISCED levels 5-6 correspond to tertiary degrees and PhD. Differences apply depending on the educational and qualification systems in the different countries considered.

Source 1: Labour Force Survey

Educational attainment is not the only dimension which speaks for this phenomenon. Similar patterns are found if age, seniority, length of contract, country background are considered. Country-specific studies (BIBB 2014, ISFOL 2013 for example) provide more detailed pictures about the situation in the different Member States.

Demonstrably, certain groups of employees are more used to learning than others and thus an investment in their training represents a higher “return” from a company’s perspective. However, given the importance of the training topic for the possibility at all to be inserted in the labor market, and the ongoing policy efforts done in this direction, it should be asked what it takes to modify circumstances and reach out to other, more learning-distant groups as well.

We analyse here more in depth the role of two, most relevant actors in the training provision within large enterprises: the HR function and the leadership on the one side, and the employees’ representation and work councils on the other. Then, we also address the role played by the key characteristics of training markets.

Leadership and decisions about training participation are diffuse and not only limited to HR functions

Training provision, in particular in large organizations, is characterized by long chains of actors involved, with little degrees of coordination and “ownership” of the learning process: HR managers, training providers, participants, trade unions representatives, policy officers, other management functions. Different preferences and strategies create converging, but also conflicting interests.

In large organizations, due to specialization and division of labour, the HR director has only a limited responsibility in training issues – each manager and supervisor bears some HR responsibility toward the own reportees, but this role is often not fully utilized.

„We’ve invented large corporations as a way of division of labor. Companies are just big division of labor machines. This is just too complex, let’s give this to other people. And then we forget that we have to put it all back together.

HR is critical for organizational buy-in of training investments and innovative approaches

[Managers] don't say 'I have responsibility', as a master who has apprentices, 'I should become owner of their learning process'. They rather say: 'Who can I give this problem to?' Off it goes to them, the HR people." (expert interview)

Moreover, the impact and effectiveness of policies is also related to the acceptance and role that HR plays in the enterprise. Analysis shows that the expertise of the HR manager in understanding the business and the skills needs of other functions is pivotal to ensure organizational buy-in and effectiveness, and also the support of more innovative approaches.

„(The problem is) that the training department which takes care of these things does not have a coercing power on the production managers. The managers in the production consider the training department as a referent or a service provider, and so the HR department does the personnel management, and the mandatory training, but I am the manager who produces revenue and I tell you what you do." (expert interview)

„HR has been fighting ever since... ,they are only bureaucrats,' some people say, others are the real productive people. This idea of the HR business model for instance, it was supposed exactly to mean... HR always has to proof that it contributes to the overall value creation. It has to sit at the same level as others. ... I will never be the one who knows the unit better than the unit head. I don't even want to be this. But I say, I support you in your important topics." (expert interview)

"All leadership wears an HR hat"

HR managers do not work alone but in conjunction with other managers and leadership functions. The interactions and decision processes among them can lead or not to the participation of rather marginal groups, and to a more effective management of the human capital and its development. In large organizations thus, where HR often takes up a corporate function role, HR expertise is required also in the different leaders.

„In the end human resource is leadership responsibility. I have the responsibility of selecting personnel. In which direction we are going, with which tasks. Whom do I want to develop further. Or should we part ways? I need to ensure that the employee develops further. The real HR responsibility is in the hands of the manager, from my perspective. HR can only support. I can coach the manager, give him feedback, if he does not have the right leadership skills. But actually a bit of HR should be done by all leaders... Each of them wears a small HR hat.“ (expert interview)

This is mirrored in the fact that often it is the management which decides whether a participant can go to a training or not, and under which conditions:

„Managers decide often who is sent to training and who is not, and as long as the dominant image is that with 50 years you don't learn anything new anyway, then... this is also decisive for choices in training. If they really think that someone of 50 years does not learn anything new, then they will not send this people to training.“ (expert interview)

Internally thus, the „owner“ of the learning and development process is a diffuse one, and policies which target mainly the individual and its preferences miss out an important leverage and in the decision making process. Moreover, the differences in priorities and agendas among corporate functions can be in the way of implementing innovative and far-reaching training paths. Rather, traditional and less risky training patterns are supported. In our analysis, HR managers with higher authority and leverage on the other managers were able to push through training schemes on innovative topics and to develop methodologies which would reach out also to the most distant learning groups.

Several actors play a role in organizing training provision: the contribution of unions

In many EU countries, training has become a matter of bilateral or tripartite agreements at company level. Given the size of the organizations analyzed in this study (large-sized organizations), employees always have some form of work representation (work councils). These representatives have a saying on the training and qualification agenda and a role in discussing and negotiating employability and training measures, and in several countries the signature and the agreement of trade unions representatives/working councils is needed to start a training plan for the employees.

Following this, a first element which impacts the type of interactions with the representatives of the workers is, on the one hand, how high a priority the topic is for them, and secondly how their expertise in negotiating these topics, for all employees, can be established.

„So what happens is... training is in the hands of the entrepreneur, of the management, the standard workers' representatives are not able to negotiate a training plan [...], the financing funds foresee that both sides sign but the agreement often is given to the union rep who signs it off, there is no negotiation. As you must have read in the surveys, training keeps on being given to those who have higher qualifications, university degrees, also in factories. It means that nothing gets negotiated.“ (expert interview)

Companies, and groups with low access, would benefit from work councils and trade unions with more sophisticated expertise in training negotiations and planning; this expertise and awareness would allow benefiting from the internal knowledge and trust relationship among employees, increasing outreach and effectiveness of the training initiatives.

The positions of the work councils can be very diverse and support rather than not cooperation with the managerial side. Also here plays a role the overall tradition of industry relation and the personality of the workers representatives. How items are negotiated does have an impact on future interactions and creates patterns of expected behaviors:

“Well, in the life of a work council there are more important things (than training). For instance, respecting the legislation of the work council, working shifts, maintaining the status quo, labor conflicts, etc., all these things play a more important role.” (expert interview)

In the complex constellation of decisions to take on training provision, unaligned interests, preconceptions and low agenda priority can all contribute to training patterns and path-dependencies in which few innovations are undergone. Challenging the status quo can thus be necessary to enlarge access and scope of participation.

In low-competition training markets, quality of training offer can be improved

A contribution to the effective participation of individuals and employees in training and lifelong learning is also given by the quality of the training market, i.e. by the type of companies providing training and by the standards set in the market. In our analysis we found evidence of depressed training markets where competition is set on prices rather than on quality. Given the intransparency of training effectiveness and the difficulty of evaluating its impact, such low-quality market might underdeliver on promised standards and also avoid connecting to more difficult (and thus potentially less profitable) groups – or when they do, do so in a non-effective manner.

A training provider thus reports on the situation in his country:

“Some providers in our sector worked in a way far from being excellent and proper. We do not work together as a system, as an industry, but rather each of the providers works alone, sometimes even trying to compete against others in an unfair manner. This has created some real damages to our sector and work [...].

If on top of this you add the fact that training effectiveness, by itself, is far from being easy to measure, it is not surprising that enterprises see investments in training as returnless.

But again – also because some of the providers have not done a good job.” (expert interview)

In some cases, the low standards are the result of a low demand for training on the side of the companies and a transactional approach to learning which does not take into account the specificities of the individuals involved.

“We still do not have an offer of high quality. Most training activities offered via the financing funds are centered on activities which are banal, very basic, such as safety, English classes, and so on... Often the training offer is not of good quality. This is another problem. We need to support better the match between demand and supply, and force offer to be of high quality. [...] As long as there is no conscious and competent request for skills there is room for the self-referential training provider, with its rigid offer..” (expert interview)

In such cases, companies have difficulties in buying training which is of good quality and mostly fall back on traditional, reinforcing path-dependencies in the selection, and on patterns of exclusion of more demanding groups.

A consequence of the dynamics described above is that companies are often exposed to the risk of being alone in exploring innovative approaches or in actively supporting a more open access to training. Even if they would want to, why should they take the risk of being along in supporting difficult groups or experimenting with innovative approaches, when they can expect every one else not to?

This intrinsic fear is at the root of many patterns in training provision. Acknowledging the existence of this thinking and risk helps draft policies and interventions more effective and closer to practice.

From “can” to “should”: What responsibility for companies when providing training to workforce?

The observations so far represent the empirical part of a research which started off with a business ethics question (see Castellazzi 2015, forthcoming). Corporate social responsibility is often done by companies outside the core business. However, what is more core responsibility than taking care of the future prospects of the own workforce by supporting their employability through training and learning?

It could straightforwardly be asked to companies to support training, invest over-demand and so on. Some social partners do so, and legislation more often than not ensures an open access, but no incentives are set which would result in actual behaviour changes on the side of the companies. While purely moral appeals and requests to social responsibility might fall flat, a practice-effective approach requires analysing incentives and interactions among actors to deliver effective and implementable requests.

Following Suchanek (2007) and his economic approach to ethics, we looked into what can be requested under market conditions to ensure implementability on the side of the companies. The result was an analysis into how investments in trust and transparent relationships among actors can support the training market and the participation of individuals in training. The analysis targeted in particular pre-competitive agreements as a way to foster productive cooperation among actors. In particular, they help responsible companies mitigate the risk of being worse off compared to competitors which do not embrace innovative approaches.

Recommendations for policy-makers

The approach used in this research is not considered a substitute, but rather a complement to other existing and proven approaches which address the issue of access to training and fostering of lifelong learning. With the focus on incentives and on actors involved in the decision-making process, the research made more transparent why certain training initiatives are undertaken and others are not.

It has also shed light on elements which can be leveraged through policy action to go from an on-paper open access to training to an actual access to training and lifelong learning.

Double-check policies for incentive-compatibility at company level

In particular, policies could take stronger into account the general segmentation of decision making processes in the provision of training and therefore more strongly focus on orchestrating already existing interactions in a more effective manner. Within this, creating incentive-compatibility and removing disincentives is key.

Support schemes to engage leadership (and not only HR) in reflecting on and supporting training and adult education

The earlier observations also showed that the final decision about training in large organizations is usually the result of a complex series of interactions and beliefs about training effectiveness and usefulness. Therefore, it is recommended to engage leadership and diverse managers in their HR function instead of setting a major focus on HR only. Each leadership role has among others an HR function of developing and retaining employees, also through training. There is substantial potential to be tapped by involving leadership in training in a more structured manner.

Improve expertise and negotiation skills of qualitative items in collective agreements

Moreover, the observations provide evidence on the need to support employees' representatives and unions in negotiating training plans, in particular in those countries which have started only recently to involve unions in the process. Much can be gained in quality and access width by having higher expertise on both the corporate and the union sides. Therefore, it is suggested to explicitly support unions in capacity building and expertise. This should also include the support to constructive interactions between companies and work councils representatives.

Buying side of the training market: cooperation among companies can help reach out to learning-averse groups

Building on the business-ethics implications and on the risk that companies might face when being the first and only to expand access, the research also showed that cooperation among companies at pre-competitive level can remove disincentives which limit access to training for some groups.

Selling side of the training market: cooperation among providers and codes of conduct can stimulate competition on quality (and not only on price)

Therefore, support pre-competitive agreements at local, regional or sectoral level to increase the bar of quality and access to training helping companies.

The same holds true for the selling side of the market. Interventions should focus on raising quality on the supply side. It is recommended to support cooperation of training providers to agree on higher quality by creating consortia and other constructive pre-competitive agreements. Similarly, codes of conduct can increase transparency on quality and services and raise the standards of training provision by providing a marketing effect to the proponent.

The market for training and the decision processes in organizations have become highly complex – any policy scheme which goes beyond regulating ‘input’ and thinks through the interactions and the incentives till the final outcome has much higher probabilities of being effective and of supporting higher-quality training provision.

Research parameters

The observations and recommendations presented in this policy brief rely on research carried out within the framework of the economic ethics, coupled with an empirical investigation.

Primary data were collected and analysed in two EU countries (Germany and Italy) to reconstruct interactions and incentive structures present in their respective training markets. Twenty in-depth interviews were carried out with key decision makers in large size organizations, unions, employers’ organizations, training providers. Data collected were analysed through content analysis and used to reconstruct the position of different actors on training decisions.

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Project Identity

LLLight'in'Europe is an FP7 research project supported by the European Union, which has investigated the relevance and impact of lifelong learning and 21st century skills on innovation, productivity and employability. Against the background of increasingly complex tasks and jobs, understanding which skills impact individuals and organizations, and how such skills can be supported, has important policy implications. LLLight'in'Europe pioneered the use of an instrument to test complex problem solving skills of adults in their work environment. This allowed for the first time insights into the development of professional and learning paths of employed individuals and entrepreneurs and the role that problem solving skills play. Additionally, LLLight'in'Europe draws on a series of databases on adult competences from across the world to conduct rich analyses of skills and their impact.

These analyses were conducted in concert with different disciplines. Economists have been analyzing the impact of cognitive skills on wages and growth; sociologists have been investigating how public policies can support the development of such skills and lifelong learning; innovation researchers have been tracking the relationships between problem solving skills, lifelong learning and entrepreneurship at the organizational level;. educational scientists have investigated how successful enterprises support their workforce's competences; cognitive psychologists have researched on the development and implications of cognitive skills relevant for modern occupations and tasks; and an analysis from the perspective of business ethics has clarified the role and scope of employers' responsibility in fostering skills acquisition in their workforce. The team has carried out its research and analyses on the value of skills and lifelong learning in EU countries, USA, China, Latin America and Africa.

The result is a multi-disciplinary analysis of the process of adult learning and problem solving in its different nuances, and of the levers which can support the development of these skills for both those who are already in jobs, and for those who are (re)entering the labor market, as well as the development of effective HR strategies and public policy schemes to support them.

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This policy brief is part of the publication suite of the FP7 Project LLLight'in'Europe. The publication suite consists of 21 policy briefs, 6 thematic reports and 1 synthesis report. The 21 policy briefs discuss findings and policy implications proceeding from the project's research; they are organized along three level of analyses (persons; enterprise; country) and seven topics.

01	Resources of society for learning
02	Institutions of learning
03	Circumstances of learning
04	Role of transversal skills
05	Role of job-specific skills
06	Productivity of skills
07	Outcomes of skills

This policy brief discusses findings related to **Role of job-specific skills** at the analysis level **enterprise**. For further publications and multimedia material related to the project, please visit www.lllightineurope.com