



EUROPEAN POLICY BRIEF

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

LLight'in'Europe



LifeLong | Learning | Innovation | Growth & Human Capital | Tracks in Europe

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.

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INTRODUCTION

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 still 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 the least.

To counteract such segmentation, it could straightforwardly be asked to companies as part of their corporate responsibility to support training, invest above demand, and in more difficult and learning-distant groups. However, such appeals are not bound to be effective as long as they are not supported by corresponding incentive structures which support companies.

In particular, such incentive structures need to reduce the risk of a single company incurring competitive losses because of its responsible behaviour compared to other companies which do not behave responsibly (i.e., if one company is the only one investing in risky groups and innovative approaches, it might be worse off compared to other companies which do not do so.) 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 the economic approach to ethics of scholar Andreas Suchanek, LLLightinEurope thus looked into what can be requested under market conditions to ensure implementability on the side of the companies.

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 exclusion. The LLLightinEurope research thus aimed at clarifying why some investments in training (in certain groups; in certain skills) happen, and why others do not. Every training investment is conceptualized 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. LLLightinEurope 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.

EVIDENCE AND ANALYSIS

The following selection of key findings helps understand the structure of training decisions and interactions in mature training markets:

- Leadership and decisions about training participation are diffuse and not only limited to human resource (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 union 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.

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

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. 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.

- Involvement of management in HR and training decisions highly supports employees and their development;

Internally, 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: in particular, the contribution of unions' representatives is often limited by lacking expertise;

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. 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.

- 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 markets 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.

POLICY IMPLICATIONS AND RECOMMENDATIONS

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 until the final outcome has much higher probabilities of being effective and of supporting higher-quality training provision. This can be achieved by, for instance:

- Double-checking policies for incentive-compatibility at company level;
- Supporting schemes to engage leadership (and not only HR) in reflecting on and supporting training and adult education;
- Improving expertise and negotiation skills of qualitative items in collective agreements;
- On the buying side of the training market: cooperation among companies can help reach out to learning-averse groups;
- On the selling side of the training market: cooperation among providers and codes of conduct can stimulate competition on quality (and not only on price).

In particular, 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 showed that cooperation among companies at pre-competitive level can remove disincentives which limit access to training. Therefore, it is recommended to support pre-competitive agreements at local, regional or sectoral level to increase the bar of quality and the inclusion in access to training. (For example, a group of companies in a certain region can develop a joint program for elderly or for the development of a specific skills set).

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.

PROJECT IDENTITY

PROJECT NAME LLLight'in'Europe (LifeLong / Learning / Innovation /Growth & Human Capital / Tracks in Europe)

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FURTHER READING

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