

WORKSHOP A2: PROMOTING ADAPTABILITY IN SMEs

1. SUMMARY

This Workshop focussed on how SMEs can be encouraged to invest in the training of their staff and on methods and tools for training that meet the needs of SMEs. The workshop addressed two specific issues:

Issue 1: How to convince SMEs to invest in staff training and how to support them through networking and cooperation:

- Include relevant stakeholders as partners the project in order to convince the enterprises about the importance of the issue.
- Be a mind opener for the companies. The starting point should not be to provide a solution, i.e. training programmes, but to raise the awareness of problems which will be caused by ageing staff who do not undergo training.
- Make a profile of the age structure in the company and launch a discussion on the current situation and the situation in a number of years.
- Provide tailor-made short- and long-term approaches to prevent demographic change from becoming a problem in the companies. The companies are thereafter willing to invest in staff training.

Issue 2: Approaches and tools for skills assessment and training that are adapted to SMEs

- There is no “one-size-fits-all” model for skills assessment and training, but there are common structures which can be adapted to the specific needs and type of SMEs.
- Embedded training should be considered a strategic management approach. Some non-traditional approaches have proved to be very successful.
- There is a clear need to convince SMEs that it is in their interest to training workers as it leads to increased productivity. Special attention should be placed on training older workers.

2. INTRODUCTION TO THE WORKSHOP

The chair Thomas Murray from the Irish EQUAL Managing Authority opened the Workshop and presented the Workshop panel, which was composed of advocates of good practices developed within EQUAL (addressing each of the two issues), as well as potential users of the practices. He also introduced the facilitator of the Workshop, Mary Braithwaite.

Thomas Murray stated that there is a broad consensus that lifelong learning is necessary for economic development. However, the paradox is that the least trained people usually get the least training. In this context, it is important to keep in mind that investment in human capital is not only a financial cost but also has positive effects on productivity of business and economic returns. This has been recognised in the reports from EU taskforces on effects of rapid technological changes on labour market participation and on the need to keep people in work longer.

EQUAL work has tried to create a culture of embedding continuous training in SMEs, including transfer of know-how, training schemes etc. However, it became clear that employers needed to be convinced that investment in human capital is crucial for survival and increased competitiveness in the market.

2.1. ISSUE 1: HOW TO CONVINCE SMEs TO INVEST IN STAFF TRAINING AND HOW TO SUPPORT THEM THROUGH NETWORKING AND COOPERATION

The good practice

Günter Gebauer, scientific collaborator within BNVHS (involved in the NETAB DP qualification concept), Germany, stated that it is very difficult to convince companies to invest in human capital. But it is extremely important to raise awareness about the problems, which will be a consequence of demographic change if this challenge is not addressed in time.

He continued by emphasising the importance of including appropriate stakeholders as partners in order to convince the enterprises about the significance of the issue. Good practice is to include major employers (for instance Volkswagen), the chambers of commerce, and relevant trade unions and employers organisations.

If not prevented in time, demographic change can pose severe problems for companies in the long run. However, the problems caused by demographic change are often not very visible for companies until at a very late stage. Therefore, the EQUAL Partnership developed a model for convincing companies to adopt preventative approaches to this challenge by being a 'mind opener' and raise awareness about the issue. After making the companies aware of the problems that would result from demographic change, it was much easier to convince them of the importance of investment in staff training. This was done in the following way:

- Creation of an age structure profile for each company. The argument for convincing them to invest in training of their human capital should not be presented as a moral issue, i.e. that companies should react because they are responsible for their workers. The analysis of the age structure was a better way of making them aware of where problems would occur and where it would be necessary to fill gaps, improve the knowledge base, keep the health of the staff. This made employers understand that it was in their interest to act as early as possible.
- The age profile was then presented to the companies, including a discussion on the current situation and what the situation would be in a two, three and four years.
- With this as a basis, tailor-made short- and long-term solutions to prevent demographic change from becoming a problem were agreed.

Among companies there is often a prejudice that old people do not need further training or that it will not pay off as they will leave the company soon in any case. However, Günter Gebauer brought up as example that if 1000 euro is spent on a training course for a person who would stay in the company 10 years, this means 100 euro/year which is not a big sum when looking at the positive outcomes for the company including increased efficiency, productivity etc. Furthermore, a young person could leave in two years whereas older persons are more likely to stay until their retirement.

The debate

One of the panel members, Armando Occhipinti from CONFAPI, affiliated to UEAPME (UEAPME is a recognised EU Social Partner, representing the interests of employers of SMEs, crafts and trades at EU level), queried whether the approach to convince SMEs to see investment in human capital not as a risk but as a need is adequate, for example, in the context of Italian economy. Currently a number of challenges (such as globalisation and technological change) increasingly affect the companies and have triggered the need for adaptation and investment in further training of their staff. However, SMEs have different needs compared to large businesses, but are still called to focus on the development of their human capital, which is not always seen as imperative today. The companies need to be forward-looking to remain competitive on the market and safeguard their future.

Cees Schoenmakers, Managing Director for AGF CKO, a training and development fund for 10,000 SMEs (Netherlands) commented that SMEs are already participating in the training and development fund, and queried if there really is a need to convince them about the importance of investment in training of their human capital.

Günter Gebauer responded by indicating that according to their experiences, not only companies need to be convinced, but also the employees, who need to increase their technological competences and motivation to participate in training. Furthermore, the work confirmed that there is no "one-fits-all" model, but that specific information on each company and employee (the profile) is needed to discuss in the company concerned. In Germany, about 5% of the employees

cannot work due to illness. It is imperative that especially small companies see the necessity of increasing the capacity of their staff to work in a multifunctional way in order to be able to deal with this issue. Even though SMEs can take agency staff, they must realise that this also is costly and that they pay for people who are not staying within the company.

As a training agency, they start by convincing the managers that a problem exists, that it must be addressed, and then make a plan to implement the training needs of the company. Finally, arguments of the benefits of training are discussed with older workers to motivate them to participate in the training. Orders from the management to employees to participate in training has proven to be an unsuccessful approach, but the process should instead start on the floor in order to get motivated people who see the training as an investment in their future. Within this context, Cees Schoenmakers added that they had adopted a different approach by giving 150 employees individual learning accounts. They were in charge of money which should be spent on their own vocational training.

Regarding the role of the trade unions in this matter, Mervi Huuskonen (representing ETUC) clarified that the role of the trade unions is to take care of the employability and career development of their members. She regarded it imperative to not separate the development of personnel from the development of the company. There is a risk involved when the link between the training and the needs of the company is lacking. Mervi queried how the link could be built in order to ensure that the skills achieved are useful and profitable for all partners involved.

Günter Gebauer mentioned that some staff do leave when they have obtained better qualifications, but this is a risk which must be taken. He suggested that people who have attended courses can spread the knowledge within the company to other staff members who did not participate. This means that less money is spent on training. Where it is not clear where the training will be useful, the company must clearly state what they want and start a dialogue with the employees who are working on the floor.

He continued by addressing the issue of training accounts, by mentioning that the Trade Union within the Metal sector had adopted a new concept of training time, which was put into contracts. For instance, Volkswagen offers 2-3 weeks training, partly paid, partly undertaken in the individuals' spare time. This is a win-win situation.

Florindo Ramos Goncalves queried whether there are different ways to involve SMEs. To this query, Günter Gebauer responded that a doorway to approach SMEs is to convince them about the positive outcomes on strategic and business development. However, first they need to recognise that they have a problem and then come up with the solution. Then they are willing to invest. Florindo Ramos Goncalves continued by asking about the role the enterprises could play themselves in the project. Thinking about the transferability of the approach, in Portugal support from mediators and facilitators is necessary to identify problems in SMEs.

The chair, Thomas Murray, highlighted that motivation seems to be key, and asked whether EQUAL has helped to achieve a better understanding of particular motivations. Günter Gebauer responded that they had organised Workshops and Working Groups on demographic change with the association of employers and Chamber of Commerce. This backing was necessary for the success of the approach.

Ralf Drachenberg from UEAPME stated that it had been a very fruitful discussion, and that he appreciated both Gebauer's and Goncalves' interventions. The main conclusions seemed to be that there is no "one fits all model" and that not only the SMEs but also the employees need to be convinced of the benefits of training. It must be recognised that there are costs of training but also benefits – not only for employers, but also for employees and the whole society. However, according to Ralf Drachenberg, there had been too much focus on formal training. It is necessary to recognise the informal training which is happening within the SMEs. There should also be an increased focus on managers' training, which is also necessary to keep up.

Franz Erberhard from EQUAL Niedersachsen (Ministry for Economics, Labour and Traffic Germany) brought up the economic costs for SMEs that usually do not have any human resource budget must also be considered. A key question is that it is necessary to determine which funds should be used to finance the training, i.e. private / public funds.

The chair mentioned that many interesting questions had been brought up, addressing, among others, how to deliver training and support to SMEs, its costs and benefits, how do these compare in different approaches. The issue of formal / informal training should also be

recognised, as well as how to make the training affordable and how it should be financed. One thing had, however, been made clear - there is a need for tailor-made approaches.

2.2. APPROACHES AND TOOLS FOR SKILLS ASSESSMENT AND TRAINING THAT ARE ADAPTED TO SMES

The good practice

Jaime Brull represented Editrain, a Spanish employer organisation involved in DP ADREN@E, working in the publishing sector in Spain. The EQUAL project presented was developed to convince employers within the book industry to invest in training by making highly innovative use of multi-media materials and e-learning platforms. This would be beneficial both for the individual employees as well as for the companies in adapting to new technologies. In the past, the organisation had tried to convince enterprises of training needs, for instance, through a campaign involving successful enterprises that promoted the advantages training could bring. However, SMEs are very busy with short-term needs such as delivering products, paying bills and salaries and often do not have time plan long-term investments in human capital. The approach developed focussed on facilitating the access to the training for SMEs by offering multimedia courses. The approach developed included two preparatory steps:

- Research on future needs of the book industry with regard to skills, attitudes etc.
- Outline of a learning platform by using multimedia online, a new technology platform, including psychologists providing orientation for employees on what could be their position in the future with the new technology.

Within 9 months 600 persons had been trained as a result of this approach, with an average of 5 persons per company. Not only is this a very high number compared to other approaches, but only 12% of the participants did not complete the training which is an excellent rate compared to more traditional training, where the normal drop out rate is as high as 25-30%. Almost 50% of the participants were women, which corresponds to the rate of women in the companies. In the beginning this was not the case, but the number increased during the course of time. The fact that 60% of the participants found the training important both for their personal development and professional career also show the success.

For the publishing industry, as a result of the training, 500 persons are now not only able to work with paper publishing but also multimedia publishing.

The success reasons were the following:

- The training was adapted to a particular industry (for instance including material with a 3D dimension)
- They managed to reach all geographical locations.
- Time flexibility. This is a very important issue, especially with regard to small companies. As an example, for a company with five employees, if one employee is away on training, 20% of the workforce is absent. The approach developed included two possibilities to participate in the training: a) during working hours and b) in the employees spare time.
- The enrolment system was non-bureaucratic. The employees only had to submit a form that they wanted to participate.
- Not the least, the online interactive material was very easy to use, and did not require a back tutor. However, as a service it was imperative to provide technical assistance to the students 10 hours per day in case of problems. The system also gave notice if a student had not been connected for 48 hours, whereby the student was contacted to find out the reason.
- For the organisation which developed the approach it was also very important to hire new staff who was not sceptical towards the use of new technology, which provide a problem within this specific sector.
- Orientation was also provided to the participants with a “blended” approach, i.e. some was provided online but also through face-to-face contacts on a monthly basis.
- Finally, the training was provided for free to the SMEs (this regarded not having to pay for the courses, and did not include if the staff used working time to participate in the courses).

Concerning mainstreaming, a report of the approach has been made and efforts are made to convince the government to continue financing the project.

The debate

Florindo Ramos Goncalves was impressed by the approach and congratulated the project to its success in Spain. On the basis of his experiences of EQUAL in Portugal, he could especially relate to one aspect of the practice, which was the use of ICT to better adapt training to the needs of SMEs. However, Florindo mentioned that in his experiences, the publishing sector is usually very conservative and sceptical towards ICT, and he queried about their role in the process.

Jaime Brull clarified that they passed on the information to their employees, which already was a lot due to the severe time constraints they were working under. In order to engage the employees, two approaches were used. Firstly 1,300 e-mails were circulated, secondly, for the first course a high number of paper leaflets were produced. However, the paper leaflets was not a very successful approach, and they focussed on only using e-mail for the second course.

The facilitator Mary Braithwaite commented on the fact that the training had been provided for free to the companies, and who should pay when EQUAL did not finance it anymore. She also raised a number of other questions such as whether the cost is affordable, what is the role of the Trade Unions in this matter and if the training really needs to be free.

Mervi Huuskonen stated that as a representative for ETUC she believed that the costs should be shared between the State, municipalities, employers and employees. However, she added that she wanted to point out that organisation of work and training time is important. Training should be organised during the working hours in order for the employees to not be forced to have "graveyard shifts". This is covered in the Social Dialogue at EU level.

Florindo Ramos Goncalves went back to the question about costs, which is related to the sustainability of EQUAL. In his view, when convincing SMEs to invest in training, the focus should not be on the advantages of training but that it is a necessary solution to solve problems. This is related to the outcomes of the good practice presented under Issue 1 of the Workshop. In his experiences SMEs had been willing to pay in case they see it as solution to a problem. This is evidenced by the fact that in Portugal they had to pay to participate.

Armando Occhipinti commented that adaptability is very important to boost the economy, and it is necessary to find a way to facilitate job creation. One way could be through inter-professional funds with stakeholders managing financial contributions from companies. In the context of globalisation this is a difficult transitional phase for many companies, which have remained too small to be competitive.

Another issue raised concerned how is training support best delivered. According to Cees Schoenmakers, the best solution is training programmes for specific sectors as every branch needs specific training programmes tailor-made to their needs. He further commented that small enterprises have no opportunity to set up departments for human resources. It is essential that this is recognised and that financing is provided by other sources. In his view, a committee should be set up for this purpose as SMEs do not have the financial capacity to deal with these issues themselves.

As a response to Mervi Huuskonen's question about work and training time, Jaime Brull argued that in SMEs it is sometimes very difficult to provide opportunities for training during working hours. He recommended the following solutions to the previous queries:

- Set up a mechanism for SMEs to provide training.
- Training should be paid by someone else than SMEs, for instance, public authorities and other funds.
- The training should be organised on a sectoral basis.

The chair Thomas Murray made some concluding remarks by stating that the issue of awareness raising is very important to make the approaches developed under EQUAL sustainable and realistic. The results should become visible to convince employers, employees, and other stakeholders about the benefits of the innovative, non-traditional ways that have been developed, also concerning collaboration and networking between employers and Social Partners, new ways of blended training.

Essential is also to understand that companies can overcome perceived obstacles, but that there is no "one-fits-all" model. Lifelong learning benefits both employers and employees. The involvement of the Social Partners is very important – as constituent members of EQUAL Partnerships, they have a good insight into the motivation of their members. Embedded training

should be considered a strategic management approach. The participation rates for the training, for example in the practice presented by Jaime Brull, also proved the particular success for non-traditional approaches. Provision of facilities, services and motivation of SMEs lead to successful approaches which can also be transferred to other sectors and countries. There is a clear need to convince the SMEs that it is in their interest to train older workers. Awareness raising is key.

Finally, he stated that it is clear that all partners must take responsibility and participate in a collaborative way. The costs must be accepted as they lead to increased productivity. It also helps to keep workers stay in the labour market for longer periods. The Social Partners are in a key position to influence and change the policy itself as strategic partners.