Skills Upgrading

NEW POLICY PERSPECTIVES



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Skills Upgrading

New Policy Perspectives

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Foreword

Today, skills are a chief concern for our societies. In a knowledge-based, integrated economy where labour markets are increasingly flexible, skills represent one of the most valuable assets workers can have. They need to be nurtured and renewed constantly if living standards are to be maintained, let alone increased. That is why lifelong learning is now at the top of government policy agendas in OECD member countries.

For many people, however, the rhetoric attached to lifelong learning does not translate into concrete benefits. It often happens that those with low skills feel the pressures of international competition in their everyday working conditions. Worse, they see a widening gap between themselves and the skills that are in demand – skills that hold the promise of a better life.

If existing policy tools are all too often inadequate to the challenge, it is also true that a good deal of action now being taken in the field is meeting with success. The actors involved – from government, business and civil society – are joining efforts and coming up with innovative experiments that manage to fill the gap between labour market policy and vocational training, correct workers' weaknesses, and meet employers' evolving needs. There are rich lessons to be learned from these experiences.

The OECD's Co-operative Action Programme on Local Economic and Employment Development (LEED) Programme undertook the Study on Skills Upgrading for the Low-qualified to examine these experiments and extract their lessons. The project is part of LEED's ambitious policy research agenda on local governance and employment. Work on the agenda began in 1998 with the release of a seminal publication on the local management of employment policies and the Venice high-level conference on decentralisation, both of which explored new frameworks for action. The issues tackled so far in previous books range from using decentralisation to enhance labour market policy effectiveness, to reformulating the role of area-based partnerships in terms of governance outcomes, to outlining new governance mechanisms to promote competitiveness and social cohesion. Work currently under way, to be presented in future volumes, includes such issues as integrating immigrants into the labour market and co-ordinating employment policy and economic development strategies.

This project would not have been possible without the support provided by several important partners of the LEED Programme: the European Commission (DG Employment & Social Affairs), the W.E. Upjohn Institute for Employment Research, the

US Department of Labor, Human Resources and Social Development Canada, the Sector Skills Development Agency (SSDA) in the United Kingdom, the Ministry of the Flemish Community in Belgium and both the Ministry of Employment and the Ministry of Education of Denmark. Thanks to their support, we can now understand the important role played by local governance to the issue of skills upgrading, a crucial factor in the functionning of the labour market and wider society. This book demonstrates how a co-ordinated and integrated approach can be vital to generating concrete results in terms of employment, skills development and social cohesion. I trust it will have an important impact on the current policy debate.



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Acronyms

AE	Adult Education (*Voksenuddannelse*) (Denmark)
AF	*Arbejdsformidlingens* – Name of the Danish Public Employment Service
AHRE	Alberta Human Resources and Employment (Canada)
AMU	Adult Vocational Training (*Arbejdsmarkedsuddannelserne*) (Denmark)
APEL	Accreditation of prior experiential learning (Flanders)
AVU	General Adult Education (*Almen VoksenUddannelse*) (Denmark)
AWES	Alberta Workforce Essential Skills (Canada)
BLOs	Business Links Operators (UK)
CEGEP	Collège d'Enseignement Général et Professionnel (Quebec)
CET	Continuous Education and Training
CPPI	Canadian Petroleum Products Institute
CTHRC	Canadian Trucking Human Resource Council
CVT	Continuing Vocational Training
DDMI	Diavik Diamond Mines Inc. (Canada)
ERIC	Effective Reading in Context (Canada)
ESF	European Social Fund
ESRP	Essential Skills Research Project (Canada)
ESWL	Essential Skills and Workplace Literacy (Canada)
ETPs	Employer Training Pilots (UK)
FOA	Public Employees's Union (*Forbundet af Offentlige Ansatte*) (Denmark)
FVU	Preparatory Adult Education (*Forberedende VoksenUddannelse*) (Denmark)
GCSEs	General Certification of Secondary Education (UK)
GED	General Equivalency Diploma (Canada)
GVU	Basic Adult Education (*Grunduddannelse for voksne*)
HF	Higher Preparatory Examination
HHX	Higher Commercial Examination
HTX	Higher Technical Examination
IAG	Information Advice and Guidance
JARC	Jane Addams Resource Corporation (US)
KAD	Women Workers' Union in Denmark (*Kvindeligt Arbejderforbund*)

LIRI	Local Industrial Retention Initiative (US)
LLL	Lifelong Learning
LMDAs	Labour Market Development Agreements (Canada)
LSEq	Low Skill Equilibrium
LO	Danish Federation of Trade Unions (*Landsorganisationen i Danmark*)
LSCs	Learning and Skills Councils (UK)
MOWD	Mayor's Office of Workforce Development (US)
NNSP	The National Network of Sector Partners (US)
NVQs	National Vocational Qualifications (UK)
PES	Public Employment Service
RAR	Regional Labour Market Council (*Regionale Arbejdsmarkeds Råd*) (Denmark)
SERV	Flemish Social and Economic Council (Flanders)
SID	General Workers' Union in Denmark (*Specialarbejderforbundet i Danmark*)
SSDA	Sector Skills Development Agency (UK)
SMEs	Small and medium-sized enterprises
STC	Sub-regional Employment Committee (Flanders)
TANF	Temporary Assistance for Needy Families (US)
TIF	Tax incremental financing (US)
TOWES	Test of Workplace Essential Skills (Canada)
UPL	Educational Planning (*Uddannelses Planlægning*) (Denmark)
VDAB	*Vlaamse Dienst voor Arbeidsbemiddeling en Beroepsopleiding* – Name of the Flemish Public Employment Service
VET	Vocational Education and Training
VESOC	Flemish Economic and Social Consultative Committee (Flanders)
VET	Vocational Education and Training
VEUD	Adult Vocational Education and Training (*Voksenerhvervsuddannelse*) (Denmark)
VEU-reform	Adult Education Reform (*Voksen- og Efteruddannelsesreform*) (Denmark)
VUC	General Adult Education Centre (*Voksenuddannelsescenter*) (Denmark)
VUS	Act on Educational Support for Adults (*Voksenuddannelsesstøtte*) (Denmark)
VVU	Further Adult Education *(Videregående VoksenUddannelse)* (Denmark)
WIA	Workforce Investment Act (US)
WLP	Workplace Learning Program
WRTP	Wisconsin Regional Training Partnership (US)

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Executive Summary

The governments of OECD member countries have begun to acknowledge the importance of upgrading the human capital of those workers trapped in low-skilled, low-paid and often insecure jobs. As Chapter One indicates, the rationale is threefold.

First, many countries are experiencing *skill gaps and shortages:* in specific industrial sectors, employers cannot find suitably qualified workers. As economies restructure, relocating production in countries with lower labour costs, there is a strong pressure to upgrade the skills of low-qualified workers on the domestic market so that they can fill vacancies for more qualified jobs and fuel economic growth.

A second reason is *the desire to increase productivity*. Higher productivity improves the position of firms on the global market, attracts inward investment and promotes job creation. Differences in productivity across countries are often explained by differences in skills and educational attainment. Recent economic studies have revealed a significant correlation between investment in the human capital of low-qualified workers and a country's future growth and labour productivity.

A third important driver is that the workfare programmes implemented by numerous OECD governments since the 1990s have led to the creation of a vast category of workers in *low-paid employment* involving harsh working conditions and offering few social benefits, often referred to as the "working poor". This kind of reintegration is clearly not a sufficient condition to alleviate social exclusion or poverty in a sustainable manner. The high incidence of poverty among working households suggests that policies emphasising job placement must be supplemented by measures to improve employment retention and enhance upward mobility. Current employment trends underline the importance of this third factor: it is becoming increasingly difficult for those occupying entry-level jobs to "move up the ladder" in terms of pay, conditions and security. And because of their peripheral position in the labour market, these workers are particularly exposed to the risk of losing their jobs through economic restructuring.

Tackling market and governance failures

The under-provision of training for the low-skilled workers has called attention to a gap between the public employment service and the vocational training

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system. While the former has few resources to follow up those who obtain a job, the latter brings few benefits to low-skilled workers. Lack of co-ordination between the two means that in many countries the government does not provide any assistance to skills upgrading. Such upgrading is thus not only a policy issue but also an organisational issue. Hence both a market failure and a governance failure must be tackled.

It is at the local level that the effects of these failures are felt most directly, and where the need for complementary measures is voiced. The difficulty faced by enterprises in recruiting staff with the requisite skills spurs local labour market actors to offer education and training opportunities to the local incumbent workforce. As a result, a great number of local initiatives have emerged in many countries and regions, aimed at filling the gap between labour market reintegration and training programmes. A range of actors and agencies lead these initiatives: local authorities, trade unions, community-based organisations, labour market intermediaries and area-based partnerships. They draw on instruments and funding sources made available by various tiers of government, and through the European Union in the case of EU member states. Some countries have also recently launched pilot programmes.

As solutions to fill the training gap for low-skilled and low-paid workers have been designed at the local level, it is on that scale that the OECD LEED Programme has focused its Study on *Skills Upgrading for the Low-Qualified*. The project explores the question of how local and regional policies intersect with national training systems to deliver innovative, custom-made training programmes targeted at the working poor and their employers in specific occupations, sectors, cities and regions. It analysed the instruments and mechanisms used by local partnerships and other organisations in Belgium, Canada, Denmark, the United Kingdom and the United States.

The second chapter examines key challenges and institutional determinants. It begins by defining the nature of workforce development and skills upgrading initiatives. It is stressed that they address a more modest objective than lifelong learning, that of improving the skills, competencies and qualifications of low-qualified incumbent workers as a response to skills shortages and gaps felt in local labour markets and within organisations. Skills are related to the supply-side concept of employability: individuals can offer assets ranging from basic skills (literacy, numeracy, ICT and foreign languages) to vocational qualifications, to "soft" skills such as appearance, communication and teamworking. These skills may be acquired formally or informally, so that the scope of upskilling initiatives is wider than the traditional continuous education and training (CET) measures that mainly provide vocational and technical competences.

Skills polarisation has increased as the economies of the OECD have restructured, with the growth of high-skilled managerial and technical jobs paralleled by a growth in low-skilled service sector jobs. This trend is compounded by the fact that low-educated adults participate less in learning than their highly educated counterparts.

Generally, policy makers use training and skills upgrading instruments to address the barriers of cost, time and access. The chapter groups these into three broad categories: 1) employer oriented, 2) worker oriented and 3) assessment related. (These are of course not mutually exclusive and may be addressed simultaneously.) The first category includes training levies enforced through government legislation, subsidies to employers, symbolic rewards, and sectoral programmes providing tailor-made training packages. The second category includes training leave schemes, job coaching, individual training allowances, accounts and vouchers, and job rotation. Assessment-related instruments include identification of skills needs by regional agencies and the validation of non-formal learning.

The chapter examines the governance of workforce development; special attention is paid to the creation of new workforce development agencies (WDAs) and the role of workforce intermediaries. In particular, it discusses the ways in which skills upgrading can be harnessed to local economic development strategies through the provision of information and intelligence; regional skills alliances; social partners' involvement in programme design and advocacy; brokerage from partners in the educational sector; and supranational programmes such as EQUAL in the European Union.

On the basis of this evidence, the chapter makes a series of recommendations for policy makers. It stresses that skill needs must be anticipated through regional skills observatories, and that training must be promoted in the workplace through vigorous information and communication campaigns. Moreover, training – this is never stressed enough – needs to be carefully tailored to the target group and to the workplace, in terms of both content and delivery methods. This means hiring educational consultants, workforce intermediaries and fellow tradesmen as tutors. Of prime importance is the need to convince employers that investing in the training of their workforce will benefit their business performance. At the national level, governments will need to consider making the right to training for all categories of workers a legitimate policy objective, and to adapt their legislation to develop and redesign training levies in order to discriminate positively in favour of low-qualified workers.

Finally, the chapter recognises that workforce development is only part of a broader educational agenda and that initial education must provide opportunities to all children and young people. Unless schools, universities

and educational institutions succeed at reinventing themselves to become more inclusive and prepare future generations for the world of work, all efforts to upgrade the skills of low-qualified workers will be in vain.

An emphasis on educational planning in Denmark

The book then turns to a series of in-depth empirical examinations. Chapter 3 seeks to identify the preconditions for successful education and training initiatives for low-skilled workers in Denmark. Drawing on the case studies of three Danish enterprises, it illustrates the proper circumstances for adopting competence development strategies in the workplace.

The chapter begins with an overview of recent Danish policy developments in the field of adult vocational education and training. Denmark has a long-standing tradition of offering a favourable environment for upgrading the skills and competencies of the low-qualified. A specific feature of such policies is that they aim to promote employment and economic growth. The public system for both mainstream vocational training and adult education operates under the strong influence of the social partners. Since the 1990s, several reforms have increased provision for adults at all levels. In particular, a reform in 2001 produced two new programmes for the low-skilled: Preparatory Adult Education (*Forberedende VoksenUddannelse*) and Basic Adult Education *(Grunduddannelse for voksne)*.

The case of Storstrøm, a region situated in the southern part of Sealand, and the islands Lolland and Falster, sheds light on the role played by the Regional Labour Market Council. Alongside programmes for unemployed people, the Labour Market Council finances job rotation programmes as well as education and training plans in three selected private sector companies, working in partnership with vocational centres. The experiences and outcomes of the companies (an electronics firm, a textile company and a ferry operator), all located in the Storstrøm region, are then examined. The experiences differ as do the motives for adopting education and training, but the companies do display similarities, such as the reliance on brokers as a means of getting things going. The author concludes that the initial barriers faced by employers and low-skilled workers – and the resulting inertia – can be successfully overcome through a combination of proper preconditions and a well-devised strategy of educational planning. Policy makers therefore need to ensure that employers are kept aware of educational offers.

Regional implementation of the nationally designed Employer Training Pilot in the United Kingdom

Chapter 4 provides a thorough examination of the Employer Training Pilots (ETPs), a recent initiative of the UK government to encourage skills acquisition at the local level. It begins by mapping out the major policy initiatives in the United Kingdom over the last decade. There is growing concern that the country is falling behind its competitors in terms of productivity and economic performance, having had to cope with the social consequences of a relatively poorly educated and trained workforce. In England, one out of five adults has low or very low levels of literacy and some 48% have low or very low levels of numeracy (*i.e.* below the level expected of an 11-year-old). It is hence not surprising that skills are at the core of the Labour Government's labour market policy reforms, as illustrated by the creation of the Learning and Skills Council, the University for Industry, Centres for Vocational Excellence, and the Skills for Business Network which consists of Sector Skills Councils. Moreover, the government has encouraged the establishment of regional skills alliances between Regional Development Agencies, Business Link Operators, the public employment service and others.

The Employer Training Pilots were introduced in two successive phases from September 2002 to cover all 12 English regions by 2005. The initiative targets employers or employees who do not normally get involved with qualifications-based training. The offer includes four elements with some scope for local variations: free or subsidised training, paid time off for training, wage compensation, and information, advice and guidance to employers and employees.

The authors examine the implementation of ETPs in Derbyshire, a mixed urban and rural county in the East Midlands, and find that the main driver to participation appears to be the availability of free, brokered training, rather than the availability of wage compensation. However, the educational level at which the pilots are aimed means that they are more effective at tackling issues associated with social inclusion than economic regeneration issues, which may require different policies.

Workforce intermediaries at the heart of regional skills alliances in the United States

Partnerships between businesses and non-profit organisations are crucial in attempting to upgrade the skills of low-qualified workers, as Chapter 5 illustrates. In the United States, workers with low educational attainment and little training are clearly at a significant disadvantage with respect to earnings

and employment. The median weekly earnings of college-educated workers are 73% higher than those of high school-educated workers, and the gap is even larger for those who dropped out of high school. Moreover, economic forecasts predict increasing shortages of qualified workers. Workforce development has thus become a critical issue for US policy makers.

An overview of training provision shows that programmes under the Workforce Investment Act are not targeted specifically or exclusively at low-wage workers. A number of state and local measures have been targeted to help low-wage workers overcome some of the barriers to receiving training services. Workforce Investment Boards, for example, use discretionary funds to train incumbent workers.

The reminder of the chapter is devoted to an analysis of two non-government workforce intermediaries. The Jane Addams Resources Corporation (JARC), located in the North Side of Chicago, provides the first case study. The JARC was created in 1985 to combine workforce development with economic development. Through a broad range of educational and training services, it helps small, locally owned manufacturers remain competitive and stay in the area in order to provide decent-paying jobs to local residents. The second case study organisation, the Wisconsin Regional Training Partnership (WRTP), was established in 1992 in response to the dramatic shift away from manufacturing in the Milwaukee economy. The WRTP is the result of a partnership between AFL-CIO labour, employers, the University of Wisconsin and several other local actors. WRTP helps businesses and employees find solutions to their workplace problems. In addition to providing training and facilitation, it works with state and local policy makers to effect systemic change in the current workforce system. Although these workforce intermediaries clearly provide innovative and successful employer-driven solutions, the author concludes that the debate about whether they should supersede public services is not useful. Both approaches are needed and their efforts are complementary.

Drawing on EU instruments and non-profit organisations in Flemish localities

Chapter 6 examines a series of skills upgrading initiatives in Flanders, the Northern region of Belgium. It begins with an analysis of the Flemish labour market, which shows that participation is 79% higher for higher-educated workers than for the low-educated. On the demand side, although "knowledge work" has increased, almost one-fifth of the workforce holds a job that can be classed as "low-qualified". A recent survey showed a 60% participation rate in lifelong learning for university graduates, against 4% for those without

qualifications. As in other countries, the underinvestment in adult education together with unequal participation in continued education and training provides a strong rationale for skills upgrading.

The Flemish government has recently adopted a number of initiatives such as the Job Rotation Plan, the Action Plan for Lifelong Learning and the accreditation of prior learning, all of which are indicative of the increased importance given to the workforce development agenda. Moreover, through so-called "diversity action plans", the Flemish Economic and Social Consultative Committee – which brings together the Flemish government and social partners – has given support to firms that encourage internal labour mobility. Leverage grants, training vouchers and sectoral covenants are among the instruments available for human resource development.

Three local case studies – in the cities of Antwerp, Ghent and Diest – illustrate best practices from non-profit and private sector organisations. Some, like the non-profit organisation Vitamin-W, or the Jobcoach Network funded through the EQUAL Community Initiative, offer innovative skills upgrading initiatives to jobseekers and former welfare recipients. These NGOs try to foster sustainable labour market integration. Additionally, the case of Harol, a private sector company, shows how public sector agencies and actors can encourage employers to adopt Personal Development Plans for their existing staff.

However, as in many OECD countries where the workfare agenda prevails, measures to promote the development of the existing workforce remain secondary. In view of the unequal participation in lifelong learning that characterises the Flemish labour market, the authors call for a stronger regional or national strategic focus on low-skilled incumbent workers.

The use of essential skills assessment programmes in Canadian provinces

The book ends with a presentation of several initiatives recently undertaken in Canada to reinforce the need and importance of basic, essential skills in the workplace. Chapter 7 focuses on cases involving employers who, in collaboration with community colleges, have used tools based on local labour market needs to upgrade the skills of their workforce. These tools were developed in part through initiatives of the federal government. The chapter begins with an overview of labour market and education trends. Education levels have steadily increased in Canada during recent decades. Today, one in two Canadians possesses post-secondary credentials, and 23% hold a university degree. As in other countries, individuals with less than a high

school diploma have low participation rates in training (11%, against 48% for university graduates).

The authors examine the main policies in the field of skills development implemented by both the federal and regional governments of Canada. Following the results of the OECD's International Adult Literacy Survey, the federal government has put the acquisition of basic skills at the core of its workforce development agenda. Although federal funding does not support training directly, it does provide indirect support for subsequent training by helping partners conduct labour market research and develop career information and curricula. It launched its Essential Skills and Workplace Literacy (ESWL) initiative in April 2003 with the goal of enhancing the skill levels of Canadians who are entering – or who are already in – the workforce. Over 200 occupational profiles were identified as part of this initiative, and further profiles will be published by 2007. Furthermore, funding from Human Resources Development Canada led to the design of a Test of Workplace Essential Skills (TOWES). The TOWES is an assessment tool for the three essential skills (reading text, document use and numeracy).

The chapter then provides detailed descriptions of how TOWES and other community-based skills upgrading initiatives such as Workplace Learning Centres have been piloted by several companies in two neighbouring case study regions, the Northwest Territories and Alberta. The conclusion highlights the value of flexible skills assessment programmes that can be tailored to the specific needs of incumbent workers and the organisations employing them.

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Chapter 1

An Introduction to Skills Upgrading: Why a Shift in Policy is Needed

by
Sylvain Giguère

Pressures to enhance productivity and to meet changing business needs in a knowledge-based economy are increasingly driving home the need to upgrade the skills of low-qualified workers. At the same time, governments are realising that very little is in place to tackle this challenge. Not only are policies ill adapted to the new situation; the governance framework is often inadequate. Higher degrees of policy co-ordination, adaptation to local conditions, and the participation of business and civil society are required to generate satisfactory outcomes. Both government and local actors have an important role to play in implementing innovative and effective mechanisms.

Today on the labour market there is a shift in priorities. For decades, the attention of policy makers had been drawn to the issues of long-term unemployment and social exclusion. Integration or reintegration into the labour market was the chief policy priority, one that gave shape to the delivery of job subsidies, training programmes and counselling services. With high levels of unemployment, even measures to promote employability – meant in the first place to help individuals enhance their skills and qualifications to match current employer needs in the labour market – were often used to help the disadvantaged and long-term unemployed find an *initial* job.

While labour market reintegration undoubtedly remains a central issue, in many OECD countries policy makers have now turned their attention to low-skilled workers.[1] There are three main reasons for this.

First, unemployment has been reduced and many countries are experiencing *skill gaps and shortages:* in specific industrial sectors, employers cannot find suitably qualified workers. As economies restructure and relocate production in countries with lower labour costs, there is a strong pressure to upgrade the skills of low-qualified workers on the domestic market so that they can fill vacancies for more qualified jobs and fuel economic growth.

A second reason is *a desire to increase productivity*. Higher productivity improves the position of firms on the global market, attracts inward investment and sustains job creation. Differences in productivity across countries are often explained by differences in skills and educational attainment. The ageing of the population makes this dimension all the more important. The fact that most of the workers who will be applying new technologies in the future will also be long past their school days calls for more investment in training the labour force (OECD, 2003a).

The rationale for this investment is supported by modern growth theory, which emphasises the relationship between acquisition of human capital and economic growth. While the theory has been difficult to prove empirically, breakthroughs in establishing the correlation are currently being made. In particular, a recent study has revealed a clear association between investment in the human capital of low-qualified workers and a country's future growth and labour productivity[2] (Coulombe, Tremblay and Marchand, 2004).

A third important driver is the successful reintegration of former welfare recipients into entry-level jobs, which has contributed to the creation of a vast category of workers in *low-paid employment* involving harsh working conditions

and offering few social benefits. This group is often referred to as the "working poor". It is true that applying measures to stimulate labour market integration is an effective way to fight social exclusion, and in certain circumstances temporary work experience in a low-paid job can enhance the employment and income prospects of an individual compared to alternative participation in a (passive or active) labour market programme. However, reintegration as such is not a sufficient condition to alleviate social exclusion or poverty in a sustainable manner. The high incidence of poverty among working households suggests that policies emphasising job placement must be supplemented by measures to improve employment retention and enhance upward mobility (OECD, 2001a).

Current employment trends underline the importance of this third factor: it is becoming increasingly difficult for those occupying entry-level jobs to "move up the ladder" in terms of pay, conditions and security.

From a business cycle issue to a structural one

The long period of growth of the 1990s and the beginning of the 2000s did much to reintegrate unemployed and disadvantaged people into the labour market. Not only was the recovery rapid and sustained over several years, but it was also accompanied by reforms of the welfare and unemployment insurance systems that encouraged long-term unemployed and disadvantaged individuals to leave income assistance regimes and take on work. Bill Clinton's welfare-to-work and Tony Blair's New Deal were at the forefront of radical policy changes experienced in many OECD countries at the end of the 1990s.

As much as these reforms were desirable, they were not free of conceptual flaws. For one thing, if they managed to foster labour market re-integration – often through coercive methods – they appeared less effective in encouraging people to train and acquire more skills. Anticipation of a possible recession led many labour market analysts to argue that these workers were stuck in a vulnerable position. As the programmes failed to equip them with new skills to suit current business needs, many of the low-skilled workers who joined the labour market at the late stage of the growth period would experience difficulties securing a new job. Indeed, they risked becoming long-term unemployed once again.

This sub-optimal outcome of the economic trends and policies of the 1990s, together with the current policies of welfare retrenchment in many countries, explains the renewed interest in the fate of "incumbents" on the labour market. It is striking that during an OECD study visit to the Midwest of the United States in April 2001 – at the peak of the business cycle – officers of the workforce development system often raised this issue.[3] When asked how they would use greater flexibility in managing programmes, many replied that

they would like to devote more resources to upgrading the skills of the low-qualified workers as their first priority.

It is beyond the scope of this publication to try to infer whether these concerns were well-founded, or to establish whether the incumbents on the labour market indeed became long-term unemployed again as growth slowed down. That data may not be needed anyway, as a structural trend now appears to be superseding the effects of the business cycle on low-skilled employment. The current recovery is associated with declining wages, hardening working conditions and diminishing social benefits in many sectors of the economy. This is largely the result of structural factors germane to globalisation and increasing competition with emerging economies.

Trade with emerging economies in Asia and Central and Eastern Europe helps decrease prices overall. This benefits the world economy by providing a supply-side stimulus to industrialised countries that will translate into jobs in many sectors of the economy. In particular, the development of the Chinese and Indian economies will increase the scope for specialisation, which will boost productivity and create jobs, both high- and low-skilled, in advanced economies. Growing markets in emerging economies will also lead to increases in imports from advanced economies, and thus stimulate labour demand in those countries.

Yet another impact of this increased competition concerns wages and working conditions. The fact that productive capacity in Asia and elsewhere is increasing puts pressure on labour costs. To handle the enhanced competition, enterprises in advanced economies must keep wages and labour costs low. Employees are pressured to accept wage cuts, longer and more flexible working schedules, and reduced social benefits. The types of jobs that may be affected by these pressures are currently growing in number. Progress in information and communication technologies (ICT) now allows outsourcing in more service sector activities than before, as reflected in the growing importance of the business and administrative services in India that are delivered to western economies.

As global economic integration progresses, the forces that are currently putting pressure on wages and working conditions will no doubt continue for many years, until a worldwide equilibrium can be found.[4] Thus the need for skills upgrading is no longer a short-term issue to be dealt with when unemployment is low and most people able to work are in employment. It is a structural issue of critical importance for the well-being of our nations.

The workplace is changing

The skills challenge is a truly serious one. If our countries are not able to upskill satisfactorily those who return to the labour market after a spell of

unemployment, how will they cope with the increasing number of workers trapped in jobs with low pay and hard working conditions? Can our societies really afford not to tackle this challenge when the economy increasingly relies on higher skills to maintain their prosperity?

The question of identifying the skills that are needed and methods to deliver them is complex. The workplace is changing, and the impacts on the various aspects of low-skilled work are profound. The terms "employability" and "soft skills" have already been part of employers' terminology for several years. Beyond basic skills such as literacy and numeracy, employers expect low-skilled workers to be punctual and disciplined to give a few examples. But today, employers want more than that.

Increasingly, employers expect low-skilled workers to possess an array of capabilities: to have learning skills and decision-making capacities, to be able to work in a team, and to display entrepreneurship and leadership. Acquaintance with ICT is now taken for granted. In certain sectors, security requirements are an important job characteristic, and even workers at the lowest rungs in terms of qualifications must be able to use large documentation manuals and extract relevant information under time constraints. There is growing demand for the capacity to innovate and solve problems in a just-in-time production system.

Initiatives taken recently reflect this changing situation. In some countries, government and educational institutions have carried out research on the set of skills required for different types of jobs in a variety of sectors. The information gained is used to tailor training programmes to the needs of both the employers and employees. Canada has pioneered this approach and identified the "essential skills" required for about 200 job profiles.

A governance failure as much as a market failure

The importance of providing individuals with opportunities for lifelong learning is well recognised in OECD economies. The emphasis on a knowledge-based economy and the need to invest in human capital to increase productivity and competitiveness have significantly raised the profile of vocational training and adult learning in public policy over the past decade.

There are significant discrepancies in the provision of vocational training and adult learning across OECD countries, and differences in the policy approaches and delivery systems. A large share of the workforce benefits from training activities in several countries, such as the Nordic countries, the United Kingdom, Switzerland and Canada (OECD, 2003b). Other countries show a much lower rate of participation. While some give a prominent role to public institutions when it comes to organising and delivering training, others rely on private training service providers or transfer responsibility to the social

partners. Some countries finance training through payroll tax and make training compulsory for workers. Others promote a more market-oriented approach.

These variations notwithstanding, a common issue faced by low-skilled workers across member countries concerns the daunting obstacles in the way of access to lifelong learning. A previous OECD study showed evidence of under-provision, with the low-skilled receiving far less training than the high-skilled. The probability of receiving employer-sponsored training was estimated to be on average 9 percentage points smaller for workers with less than upper secondary education than for individuals with a tertiary qualification (OECD, 2003a). Both the employer and the employee invest too little, due to difficulties in internalising benefits and in linking pay scales to productivity.

Among the low-skilled, those who return to the labour market after a spell of long-term unemployment present the most obvious needs, as they have far less work experience and have few credentials that can help them stay and progress in employment when the economy slows down. The difficulties faced by this category of worker have called attention to a gap between the public employment service and the vocational training system. While the former has insufficient resources to follow up those who obtain a job, the latter brings little benefit to low-skilled workers. Lack of co-ordination between the two means that in many countries the government does not provide any assistance for upgrading the skills of low-skilled workers (OECD, 2002).

Thus skills upgrading is not only a policy issue but also a governance one: both a market failure and a government failure must be tackled.

National issues, local solutions

Responses to this problem have been provided at local rather than central level, perhaps because it is there that the strategic importance of upgrading the skills of low-skilled workers has been more obvious and felt more urgently. It is there that the effect of failed labour market and training policies is felt more directly, and where the need for complementary measures is voiced. The difficulty faced by enterprises in recruiting staff with the skills they need also spurs a range of local stakeholders, from local authorities to employer organisations and economic development agencies, to support training and education activities locally.

As a result, a great number of local initiatives have emerged in many countries and regions, aimed at filling the gap between employment and training services to help low-skilled workers stay and progress in employment. These initiatives are led by a range of actors: local authorities, trade unions, community-based organisations, labour market intermediaries and area-based partnerships. The initiatives draw on instruments and

funding sources made available by various tiers of government, and through the European Union in the case of EU member states. Some countries have also recently launched pilot programmes.

As solutions to fill the training gap have been designed at the local level, it is at that level that the OECD has focused its Study on Skills Upgrading for the Low-qualified. The LEED Programme has carried out this project to explore the mechanisms employed in various areas of the OECD. Its goal was to understand how best to overcome the obstacles to job retention and progression through skills upgrading initiatives. The experiences of Belgium, Canada, Denmark, the United Kingdom and the United States have been examined as part of this project.

A shift in policies is needed

The lessons from this study are far-reaching, as they go beyond the design and implementation of local initiatives. There are lessons for government – a in particular for its employment, training, social and education departments – as well as for the social partners and local actors.

A first lesson is that upgrading the skills of low-qualified workers should become a strategic objective of governments. Local initiatives alone cannot fill the gap left by current policy orientations focused on integrating the weakest categories of workers into the labour market and providing lifelong learning for the other workers. Employment and training policies should encompass skills upgrading to avoid marginalisation of disadvantaged workers on the labour market, to retain low-skilled workers in jobs, and to help them progress through acquiring specific competences currently in demand. Skills upgrading as a policy priority would serve to complement the current government agenda on both competitiveness and social cohesion.

Vocational training systems now in place possess many features that help address the needs of the low-skilled. Some are particularly comprehensive but should be made more flexible so that they can be effectively used by employers and employees. Evidence shows that services should be tailored to the needs of both the employer and the employees, and the mechanisms used to do that should be made more systematic and accessible throughout countries. Where vocational training systems are a compulsory component for workers, the proportion that goes to the low-skilled should match the importance of the low skills issue in the country concerned.

Some tools appear to be useful whatever the system in place. In particular, skill assessment appears to be a critical instrument for ensuring effective training provision. The Canadian experience shows that co-operation between government, training institutions and business can produce a solid

basis for the delivery of competences that match employers' needs. In particular, a compilation of job profiles can directly feed skills assessment and the design of training programmes. Performing tests on a case-by-case basis enables identification of what the worker's needs are, in line with the job's requirement and hence the employer's interest. By generating tailor-made training programmes, this approach encourages investment from both the employer and the employee.

Social policy should adjust to the new labour market situation. Government should recognise that promoting work experience is not sufficient to fight poverty and social exclusion. To make outcomes sustainable, such answers should be accompanied by a skills-upgrading dimension. Upskilling should become social policy in the new century just as integration in the labour market became social policy in the 1990s. For example, training provision should be introduced in programmes to fight the poverty and social exclusion attached to welfare regimes. Disadvantaged people face significant obstacles to acquiring skills. There is much to learn from initiatives recently taken at local level to help them overcome those obstacles.

Tackling the skills upgrading issue also requires changes in the education system. Young people should be prepared to face the challenges of modern labour markets and be equipped with communication skills ranging from literacy and numeracy down to IT and foreign languages. According to various reports, there is a mismatch between the skills taught in schools and those demanded by firms today. Even in low-skilled jobs, the use of computers and documentation sources, teamwork and problem solving are among the competencies demanded by employers for entry-level jobs.

There also emerges from the study a strong rationale for improving basic skills. The OECD PISA Study and International Adult Literacy Survey have highlighted that many school children and adult workers lack basic skills, *i.e.* literacy and numeracy. This clearly indicates a failure in the education system. Even if employers' requirements evolve – and even if, as some suggest, the labour market requires skills that are different from those taught in school – good outcomes in literacy and numeracy are no doubt a prerequisite to adapt to labour market change.

At local level, the key words are information, co-operation, innovation and action. Very clearly, the same policy context and needs felt on the ground can yield very different outcomes in different locations. Conversely, similar achievements can be observed in different policy environments. This highlights the key role that local actors can play in activating the various tools available to achieve optimal outcomes at local level. Yet these successes are to be found too infrequently and at a micro level, and cannot possibly be relied upon in their current scale and format to contribute to the pursuit of a

bolstered government agenda on skills upgrading. Nonetheless the analysis shows that no government agenda on skills upgrading should be pursued without taking into account these achievements. Government policy would do well to build on, strengthen and use the mechanisms that have been set up locally in an organic and spontaneous manner. These mechanisms are often the result of successive experiments carried out with a view to improving the effectiveness of local actions and use of the scarce resources available in the most efficient way.

Accordingly, the analysis shows that effective local actions are fuelled by the provision of relevant information gathered locally on labour demand and supply, and on the programmes and funding sources available. It sheds light on the clear role social partners have to play in conveying signals on what the long-term benefits are for employees and employers, *i.e.* in making the economic case for skills upgrading. It shows that intermediaries in the labour market (*e.g.* community colleges, specialised non-profit organisations) are best placed to design skills assessment tests and training programmes to meet the specific needs of both employers and employees, and to provide the organisational support required. Local initiative is often the missing link or trigger that determines whether skills upgrading action takes place or not in a locality, a community or an enterprise.

The contribution of civic entrepreneurs has long been acknowledged in economic development and social inclusion fields (see for example OECD, 2001b, 2004). These entrepreneurs have also proved to be a central asset in the joint effort to tackle the skills upgrading issue. As in other fields of work, government should not rely on them – but it could hardly do without them. Government should facilitate and support those taking on this role of catalyst, and provide local intermediaries with the tools necessary to make their work more effective. As the work of the OECD LEED Programme has already demonstrated as part of its policy research agenda on local governance and employment (OECD, 2005; Giguère & Higuchi, 2005), there exist a number of mechanisms to combine the strengths of the various actors at local and national levels to pursue a skills upgrading agenda in an optimal manner.

Notes

1. In this study, low-skilled workers are defined as those who are currently employed and possess either low educational levels (ISCED 0 to 2) or IALS literacy level 0 to 3. The term also covers ISCO (International Standard Classification of Occupations) sub-groups 5 to 9 – that is, all elementary, operating and sales occupations requiring 1st and 2nd skill levels. In the great majority of cases, these workers occupy jobs with a low occupational status and an income below the median rate of pay. See OECD, 2002.

2. The study found that a rise of 1% in literacy scores relative to the international average is associated with an eventual 2.5% relative rise in labour productivity and a 1.5% rise in GDP per head.
3. The visit was organised as part of the OECD Study on Local Partnerships, in co-operation with the W.E. Upjohn Institute for Employment Research. See results in OECD, 2001b.
4. Estimation of equilibrium wages is difficult due to conflicting signals received from labour markets in China and other Asian economies. Some reports suggest that there is currently in rural China a vast untapped labour capacity that can be used by industry over the next decades. This would contribute to keeping wages low for low-skilled workers in China for many years and maintaining the pressure on wages in advanced economies. Other reports signal on the contrary that many sectors are already experiencing labour shortages in China, leading to labour disputes and increases in wages (see for example issues of *The Economist* from 2 October 2004, 8 October 2004 and 16 April 2005).

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Chapter 2

From Welfare-to-work to Welfare-in-work: Concepts and Policies

by
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This chapter examines the challenges facing OECD member countries in their drive to upgrade the skills of those workers who have come to be described as "the working poor". It argues that the attempt to move from "welfare-to-work" to "welfare-in-work" policies must incorporate spatial considerations to ensure that efforts are directed at those workers and companies that need it most. The main challenge for actors and stakeholders involved in the design and delivery of training is to form an approach that will meet a wide range of workplace needs. Reviewing some of the experiences across the OECD, and in particular from the five countries that took part in the study, the chapter highlights a series of best practices and concludes with recommendations for local, regional, national and supranational policy makers.

The governments of OECD member countries have begun to acknowledge the importance of upgrading the human capital of those workers trapped in low-skilled, low-paid and often insecure jobs. The emerging literature on workforce development and lifelong learning confirms that this agenda has become a central labour market policy challenge for the 21st century (see European Commission, 2002; Istance *et al*., 2002; OECD, 2003b, 2005a). The report of the EU Employment Taskforce chaired by Wim Kok argued that "it is imperative to prevent an obsolescence of skills in order to maintain people at work longer, and this means that training has to be targeted also at older workers and low-skilled workers" (European Commission, 2003, p. 47). Likewise, in its 2003 *Employment Outlook,* the OECD opined that market failure with regard to training meant that "public policy may have a role to play to improve individuals' and employers' incentives to invest in human capital" (OECD, 2003a, p. 239). The paradigm shift from "welfare-to-work" to "welfare-in-work"[1] certainly suggests that some governments – especially in English-speaking countries – are increasingly willing to redraw the boundaries of their labour market intervention.

However, in their attempt to turn this objective into a coherent and sustainable policy framework, policy makers are confronted with major obstacles. Furthermore, they are facing a confusing choice of instruments as "there is no shortage of initiatives to help improve skills and so the job-prospects of less-educated workers" (Bassanini, 2003). Finally, a variety of actors and institutions are involved in the design and implementation of these initiatives, which makes workforce development a rather nebulous policy field. Thus there is a need for a comprehensive overview showing how these three elements (obstacles, instruments and governance) intersect to impact upon the needs of low-qualified, low-paid incumbent workers.

After reviewing the challenges and obstacles facing skills development, this chapter examines a series of well- and lesser-known policy instruments that have been adopted by policy makers specifically to address the needs of low-skilled incumbent workers. It then explores the governance of workforce development, identifying the actors who intervene to regulate this agenda as well as the institutional arrangements and configurations that have been used to foster local synergies and innovation. A series of conclusions and recommendations follows.

From "Welfare-to-Work" to "Welfare-in-Work": challenges and obstacles

Why geography matters

Labour markets are heterogeneous, as demand- and supply-side conditions vary significantly within and between member countries of the OECD. Moreover, the processes that occur at the local level and the articulation between the multiple governance scales – from the supranational down to the workplace – are of paramount importance to the success of workforce development programmes and initiatives. In this sense, analyses of methods for upgrading workforce skills cannot be disentangled from the concept of a local labour market (Peck, 1996; Martin and Morrison, 2003).

While some authors have explored the broad political and institutional aspects that explain the uneven responsiveness of industrialised countries to skills needs (Crouch, Finegold and Sako, 2001; Thelen, 2004), not enough attention has been paid to the process through which skills are created and upgraded within space and place. This territorial dimension cannot be ignored, as it provides a framework for interaction to produce new solutions to new problems.

Research on the effectiveness of active labour market policies (ALMPs) has increasingly emphasised the benefits of local design and delivery (Campbell, 2000; OECD, 2001b). The relationship between geography and skills strategies has recently been acknowledged by governments. For example, the UK authorities argue that:

> It is vital to have effective regional and local partnerships, with clear roles and responsibilities. There is a strong regional dimension to the skills problem (…). Our aim is to ensure maximum flexibility and discretion at the regional and local level to innovate, respond to local conditions and meet differing consumer demands (DfES, DTI, DWP, HM Treasury, 2003, p. 101).

Indeed, regional and local labour market processes can be reconfigured to target low-qualified workers. This chapter presents several examples of such responsiveness to skill needs, which otherwise remain hidden or unaddressed. The possibility of piloting local small-scale projects means that the traditional separation between ALMP and continuous education and training (CET) – or, to put it differently, between measures for those seeking work and those already in work – can be overcome. While economic analysis often points out that these should be kept separate and that a clear assignment should be made, incorporating CET into ALMP would signal an approach to the labour market that does not stigmatise those out of work. The famous Danish "golden triangle" of flexicurity has shown that a fine-tuning between flexible labour markets, a high degree of social security and an active labour market policy is possible.

But aside from the notable exception of Scandinavian countries, which have a long-standing tradition of investment in permanent education and CET systems that are highly integrated (Goul Andersen, 1997), in most OECD countries the training needs of low-qualified incumbent workers tend to fall within the remit of human resource management (HRM), not within that of public policy. Skills and career enhancement has for the most part been an integral part of vocational policy. It is therefore a matter that chiefly concerns employee representatives, the social partners, educational establishments and career guidance agencies (Dubar, 2000; Ok and Tergeist, 2003; OECD, 2004a). Actors such as local and regional authorities, local economic development agencies and the public employment service (PES) generally have little involvement in this field. It is in fact argued that any attempt by the PES to move outside this traditional role could undermine its credibility (Crouch, Finegold and Sako, 2001). However, while clear assignments and a "division of labour" between local labour market actors is certainly necessary, this does not preclude a certain scope for institutional innovation to respond to new challenges.

Some OECD countries, such as Belgium, Canada and the United States in this book, have a federal system of government, but many others are characterised by a marked regionalisation in the management of education and vocational training or by a certain degree of state autonomy (see for example Berthet, 1999, for France or Green, 2002, for the United Kingdom). This means that in many cases the budgets allocated to training providers, further education and community colleges are administered by regional authorities or agencies. Increasingly, as exemplified by the British Framework for Regional Employment and Skills Action (FRESA) and Regional Skills Alliances, or by the recent legislative changes in CET in France, the regional scale is entrusted with greater consultative and planning responsibilities that formulate medium- to long-term skills strategies.

Certainly, local and regional responses can to some extent reduce the problem of blanket delivery and "one size fits all" approaches that are unsuitable in a world of heterogeneous business and individual needs. As exemplified by best practices from the Danish region of Storstrøm, the Canadian province of Alberta, Derbyshire in the United Kingdom, Chicago and Milwaukee in the United States, and Ghent and Antwerp in the Flemish region of Belgium, solutions that are appropriate to the needs of local employers can be found. These locations undoubtedly represent a rich mosaic of local labour markets with diverse industrial patterns and institutional configurations. Among a range of local barriers to workforce development (lack of qualifications and skills, employer demand and attitudes, poor infrastructure and governance), varying combinations appeared to carry particular weight across the case studies. For example, the research teams involved in the SULQ study found

that problems related to the training infrastructure, such as the inadequacy of training or lack of information about courses, were quite acute in the United States and Flanders but of lesser importance in the other locations. Some of these labour markets were relatively more depressed than others when compared to the national average, and so workforce skills requirements tended to differ: some experienced a predominance of skilled labour shortages, others faced internal skills gaps. The Danish, Flemish and US locations showed relatively more unemployment than the other locations. Moreover, within countries, important variations could be noticed: for example, in Canada, poor educational achievements and the lack of basic skills were more acute in Yellowknife than in Fort McMurray. In terms of local governance, the culture of partnership working appeared to be more developed in the United States than in the United Kingdom where it is less "organic".[2] But in spite of differing obstacles in varying degrees – hence differing starting points – all case studies share the fact that national and sub-national policy makers have sought solutions to develop the skills of their working poor population.

However, calling upon local solutions does not guarantee policy effectiveness. CET and ALMP practices cannot be disconnected from the broader national and supranational policy frameworks that govern the fields of education and employment. The emphasis granted to this agenda by national authorities can act as either a constraining or an enabling factor. For example, in the 1990s the Danish Welfare State was already emphasising the importance of a socially inclusive model of "welfare-through-work" when others were still focusing on work-first approaches (Etherington and Jones, 2004). Hence the interaction that occurs between the multiple scales of governance is a critical element. In addition, the lack of involvement and commitment of private employers in labour market and social partnerships is often identified as a significant barrier to policy effectiveness and a source of wide regional variations (Sunley, Martin and Nativel, 2005). Employers are therefore also an essential, if not most important, part of the story.

Why the firm matters

Educational and training provision for low-qualified workers crucially depends on factors both internal and external to the firm, such as work organisation, product markets and competition (Rubery and Wilkinson, 1994). The firm has for a long time represented a black box for policy makers, although since the publication of *Internal Labour Markets and Manpower Analysis* by Doeringer and Piore (1971), much progress has been achieved in opening the box up and investigating its contents. It is now well known that the position of workers and their opportunities for training and career

development are highly dependent upon whether they find themselves in the primary or secondary sector of the dual labour market.

Empirical evidence of who benefits from employer-sponsored training abounds. It repeatedly shows that those who already have an upper secondary level education receive more training that those with little initial education; depending on the sources used, figures average 35% for the former against 16% for the latter (Bassanini, 2003). In addition, low-skilled workers are more likely to be in temporary work than high-skilled workers. Labour market tenure and attachment proxies shed further light on the training divide. Evidence from Belgium shows that training for permanent employees is more frequently financed by employers than training for temporary employees. This implies that "the loss of job security is not compensated by opportunities to enhance employability" (Forrier and Sels, 2003, p. 662).

The effects of such market failures and imperfections can be devastating for individuals, for their employers, for regional labour markets, and ultimately for entire sectors of the economy. This has been demonstrated by the example of the United Kingdom, often heralded as a case of a "low-skill low-pay equilibrium" (Finegold and Soskice, 1988). Those who receive the least training lose their motivation as the pay and career gaps with their peer workers widen, a syndrome known as the "Matthew effect". Beyond the negative psychological effects on individual motivation, the status quo over a low-skill equilibrium traps the economy in a "low-wage – low-skills" path.

Action by local labour market actors and stakeholders that surround the firm can help address this failure. The focus must be on the needs of employers and the commitment to workplace innovation and modernisation: the firm must be granted a "centre stage" position. As will be discussed later, countries with well-established welfare settlement and collective bargaining systems – the Scandinavian countries in particular but also others including Germany – are relatively advanced in linking up skills strategies and organisational change. Countries such as the United States and the United Kingdom rely on local institutional innovation, spurred by either public or non-profit actors, to try and convince employers that there is a "business case" for skills development.

Indeed, numerous interviews with employers plainly show that employers do not view employees (and particularly low-qualified employees) as their "most valuable asset" (Sunley, Martin and Nativel, 2005). Human capital is not embodied in the firm but in the individual and is leased out to employers (Becker, 1975). Therefore local actors are currently developing strategies to convince employers about the benefits of shifting their investment from other priorities into people's skills. The most direct means to achieve this is to view the firm as the key local labour market agent that can

be most effectively targeted by actors operating on the same scale and closely aware of its current (dys)functioning and future needs.

Why definitions matter

Before providing an overview of the trends in skills acquisition and provision, some definitions may help clarify the nature of the measures and initiatives discussed in this book and the group they target.

Policies concerned with workforce development and skills upgrading initiatives, while sitting within the adult learning agenda, address a narrower, more modest objective. That objective is to improve the skills, competencies and qualifications of low-qualified incumbent workers, and thereby respond to "skills shortages" and "skills gaps" experienced in local labour markets and within organisations. Of course, these concepts could remain fuzzy without further clarification as to the meaning of "skills" and "low-qualified". One approach could be to relate skills to the concept of employability. The supply-side focus of "employability" noticed by many (Hillage and Pollard, 1998; Philpott, 1999; McQuaid and Lindsay, 2005) results in an emphasis on the multiple characteristics held by individuals – from basic skills (literacy, numeracy, ICT and foreign languages) to vocational qualifications, as well as "soft" skills such as appearance, communication and teamworking. These skills may be acquired formally or informally, so that the scope of upskilling initiatives is wider than the traditional set of CET measures that mainly provide vocational and technical competences to all workers.

If current CET provision is proving inadequate, this is no doubt because the norm of lifetime employment has disappeared. Subsequently, it is argued that higher levels of employment uncertainty call for "new" employability skill sets. The framework proposed by Gibb (1993) may be a useful starting point when seeking to depart from the "traditional view" of enterprise. Gibb refers to enterprising behaviours, skills and attributes, which include "self-awareness, self-confidence, creativity, perseverance, persuasiveness, resourcefulness,

Table 2.1. **Behaviour, skills and attributes of enterprising people**

Skills	Behaviour	Attributes
Problem solving	Acting independently	Self-confident
Creativity	Actively achieving goals	Autonomous
Persuasiveness	Flexibly responding to challenges	Achievement-oriented
Planning	Coping with and enjoying uncertainty	Versatile
Negotiating	Taking risky actions in uncertain environments	Dynamic
Decision making	Persuading others	Resourceful
	Commitments to make things happen	
	Opportunity seeking	
	Solving problems/conflicts	

Source: Gibb, 1993.

negotiating skills and motivation and commitment to achieve" (p. 14). These features may to some extent prove useful for analysing the potential upward mobility of the low-qualified.

Moreover, on the basis of measurable proxies, the target group ("low-skilled workers") comprises those who possess basic educational levels (ISCED 0 to 2) or IALS literacy levels 0 to 3. They can also be defined as ISCO (International Standard Classification of Occupations) sub-groups 5 to 9, that is in all elementary, operating and sales occupations requiring first and second skills levels. Broadly speaking, in the great majority of cases, these workers occupy jobs with a low occupational status and income below the median rate of pay. They can thus equally be described as "low-paid workers" or "workers in precarious employment" since there is a strong correlation between those variables (see Tables 2.2 and 2.3). The broad assumption

Table 2.2. **Risk and incidence of low-pay by education level in selected OECD countries**

Education level	Spain		Italy		Ireland		Belgium		Denmark		United Kingdom	
	Risk	Incid.	Risk	Incid.	Risk	Incid.	Risk	Incid.	Risk	Incid.	Risk	Incid.
Primary	21.2	30.4	10.9	18.1	21.0	7.1	13.2	17.4	4.4	4.9	32.5	41.6
Lower Secondary	34.2	47.4	12.3	64.3	20.6	24.5	15.2	37.0	18.6	46.0	24.7	32.4
Upper Secondary	15.6	13.7	4.5	17.2	22.4	61.4	8.9	39.0	6.9	45.3	14.5	21.1
Non-university Degree	14.4	5.6	5.1	0.2	8.1	6.1	3.7	5.9	3.0	2.0	8.2	2.7
Bachelor	5.5	2.8	0.4	0.2	2.7	0.9	0.7	0.7	1.7	1.4	5.1	2.1
Postgraduate	0.8	0.0	0.0	0.0	0.4	0.0	0.4	0.0	0.8	0.4	1.9	0.1

Source: Fernandez *et al.*, 2004, p. 34.

Table 2.3. **Risk and incidence of low pay by tenure in selected OECD countries**

	Less than 2 years		Between 2 and 4 years		Between 5 and 9 years		More than 9 years	
	Risk	Incid.	Risk	Incid.	Risk	Incid.	Risk	Incid.
Spain	42.0	54.9	30.4	16.9	16.1	17.3	4.9	10.9
Italy	15.2	38.2	10.9	25.5	5.9	20.8	2.7	15.5
Ireland	43.4	49.0	24.7	28.2	10.9	14.6	3.7	8.2
Belgium	15.8	51.8	9.7	18.0	5.1	17.8	1.9	12.4
Denmark	15.8	66.2	13.6	19.0	4.3	7.8	2.7	6.9
United Kingdom	32.5	49.5	21.3	24.9	15.8	16.3	11.1	9.2

Source: Fernandez *et al.*, 2004, p. 34.

Box 2.1. **Some definitions**

Lifelong learning

Lifelong learning "embraces individual and social development of all kinds and in all formal and informal settings, including at home and in the community" (McKenzie and Wurzburg, 1998). Lifelong learning takes a systemic view that covers the whole life cycle and recognises the multiple goals of education (OECD, 2003b).

Adult learning

Adult learning encompasses all educational and training activities undertaken by adults for professional or personal reasons. It includes general, vocational and enterprise-based training within a lifelong learning perspective (OECD, 2003b).

Workforce development

This is a term for training and skills development used especially in the United Kingdom and in the United States. It sits between training (which has a narrow focus) and education (which is broad) and covers a significant share of active labour market policies. More precisely, it consists of "activities which increase the capacity of individuals to participate effectively in the workplace, thereby improving their productivity and employability" (Performance and Innovation Unit, 2001, p. 3).

According to Westwood (2001, p. 4), workforce development can be defined as "the training and development employees (and potential employees) receive that is relevant to the workplace. This includes both on-the-job and off-the-job training, and can be recognised in formal qualifications, and in internal qualifications (which may or may not be accredited to external standards). Workforce development can include academic, subject based training; but more typically covers more work-related, vocational training – from general communication, people and management skills to sector, industry and firm specific skills".

Skills upgrading (or upskilling)

The concept refers to both a process and a policy. The first interpretation is based on the "learning-by-doing hypothesis", the assumption being that workers naturally learn from their exposure to new technology and from social interaction in the workplace. Here upskilling is directly opposed to the notion of deskilling whereby the process of industrial restructuring renders old firm-specific knowledge and skills obsolete.

In this book, skills upgrading and upskilling refer to workforce development initiatives specifically targeted at incumbent workers occupying low-paid jobs that aim to promote employment sustainability and career progression.

Box 2.1. **Some definitions** *(cont.)*

Skill shortages

Skills-shortages arise when "employers are unable to recruit the workers they require because the skills they seek are not available in sufficient quantity. The existence of skill shortages is then an indicator of the inadequacy of existing overall skills levels in relation to current employer and labour market requirements" (Campbell, 2002, p. 25).

Skill gaps

"They occur when there is a gap between the current skill levels of an organisation's workforce and those which are required to meet the organisation's objectives. They are, therefore, internal to organisations and represent a deficiency in the skills of the currently employed workforce" (Campbell, 2002, p. 29).

adopted in this book is that low-skilled workers are those who by no fault of their own occupy a weak position in the labour market, reflected in low pay and/or low tenure. Their relatively looser attachment to the labour market places them at risk of losing their job through economic restructuring by firms (which may or may not be related to an economic downturn).

Occupational change and skills polarisation

Currently in the European Union, 80 million citizens are classed as "low-skilled". It is estimated that by 2010 almost half of the net additional jobs will require people with tertiary-level qualifications; just under 40% will require upper secondary level and only 15% basic schooling (Tessaring and Wannan, 2004, p. 4).

Despite these projections, at the beginning of the 21st century the persistence of low-skilled, low-paid work and the polarisation of employment conditions and earnings have become prevalent in OECD economies. In the 1990s a number of researchers propagated the belief that processes of creative destruction and occupational change brought by the "knowledge economy" would not lead to the "end of work" but would go hand-in-hand with an upgrading of employment conditions for all workers (Rojas, 1999; Leadbeater, 1999). Likewise, Layard (2004) argues that bad jobs generate happiness since they provide work experience. In their view, empowering incumbent workers through educational and training programmes remains a subsidiary, if not irrelevant policy objective. However, the structure of the workplace remains unchanged. In many countries there is evidence of a continuing growth of low-income work in parallel to highly skilled jobs, a

trend that describes an "hourglass-shaped economy" (Lipietz, 1996; Beck, 2000). More jobs are being created in the personal and interactive service sectors such as hospitality, catering, care, gardening, etc. In those sectors, contrary to popular belief, current levels of skills might be seen as fully adequate for employers. In the United Kingdom, the findings of the Economic and Social Research Council's Future of Work Programme[3] showed that the growth of managerial jobs has been paralleled by a growth in low-skilled service sector jobs (see Table 2.2). Indeed, while goods may be increasingly bought and sold over the Internet, shelf fillers, warehouse keepers, drivers and telephone operators are still needed to ensure those goods reach the customer (Nolan, 2004).

Economic restructuring has led many industrial and service sector firms to delocalise – or sometimes threaten to delocalise – their activities to emerging economies. The willingness to retain firms at home or attract new ones has fuelled the argument for workforce development. However, the increasingly urbanised economies of the First World boast a range of services that for demand reasons cannot be delocalised to emerging economies: personal and leisure services such as restaurants, hairdressers, cinemas and gym clubs are by nature proximity services that are consumed "on the spot". As long as such services are demanded in local communities, there will continue to be vacancies in these sectors of the economy and hence a need for a local pool of labour to perform the work required. Despite the oft-quoted

Table 2.4. **The fastest-growing occupations in the United Kingdom, 1992-99**

Occupation	% growth	Absolute growth
Hairdressing managers and proprietors	302	42 946
Software engineers	185	109 469
Educational assistants	155	105 410
Welfare, community and youth workers	121	106 277
Electrical, electronic technicians	113	16 443
Telephone sales people	106	41 405
Management and business consultants	93	38 836
Domestic housekeepers	83	11 520
Nursery nurses	83	58 606
Computer engineers	81	30 069
Care assistants and attendants	75	229 545
Medical, dental technicians	73	18 673
Shelf fillers	73	40 726
Legal and related occupations	70	17 795
Other sales, service occupations	66	9 416
Prison officers (below principal)	64	18 990

Source: Wills, 2005. Data from the UK Labour Force Survey and drawn from the ESRC Future of Work Programme.

case of the McDonald's cashier who may be offered the opportunity to move up the occupational ladder into higher-level management, places are limited for those who may wish to become the managing director of McDonald's. This is true of all institutions, as modern societies are structured around hierarchical roles and asymmetric workplace relations. Of course, it would be erroneous to assume that all workers are willing to occupy high-status, high-paid, highly skilled (and often highly stressful) jobs. But despite being considered of low added value, skills gaps in entry-level service sector jobs can be reduced, which would lead to an increase in labour productivity and profits. In turn, if shared equitably, increased profits can result in higher salaries paid to workers within the service sector.

The occupational polarisation is reinforced by inequalities in access to training opportunities. OECD statistics have consistently demonstrated that employers devote on average significantly more resources for training high-skilled, well-educated employees than others, reinforcing skill differences (OECD, 1999, 2003a, 2005b). The International Adult Literacy Survey (IALS) also found after controlling for other factors – hours worked, company size, professional grade – that those making greatest use of their skills at work are six to eight times more likely to receive company training than the low-skilled (OECD, 2000).

Instruments for upgrading the skills of the low-qualified: an overview

This section offers an overview of the main instruments used to upgrade the skills and qualifications of the target group under discussion. It draws on the initiatives and policies of the five countries examined by this study, and on wider OECD experiences.[4]

These instruments address the range of obstacles and barriers of cost, time and access. Some are established at the national level and therefore filter directly down into the workplace, while others are specifically created at the local level and take the form of pilot schemes that may or may not be replicated elsewhere. Some address the demand side of the labour market, while others are concerned with supply-side aspects. A typology is thus essential. For the purposes of simplification, these instruments have been grouped into three broad categories: 1) employer-oriented approaches, 2) worker-oriented approaches, and 3) assessment-related approaches. These are of course not mutually exclusive and may be addressed simultaneously.

Employer-oriented approaches

Enforcing training levies through government legislation

In some countries, compulsory financial contributions for firms are enshrined in the legislation: employers are required to contribute up to a certain threshold on training or pay a training levy. Many OECD countries have training levies at the national level, at the sectoral level, or both. These include Belgium, Canada (Quebec), Denmark, Finland, France, Italy, the Netherlands, Spain and the United States (Ok and Tergeist, 2003).

In France, according to the law on continuous vocational education of 1971, firms with more than ten employees must pay at least 1.6% of their wage bill on training (Dubar, 2000, Méhaut, 2005). Since January 2005, firms with less than ten employees pay a levy of 0.55% of their wage bill.[5] A rate of 2% of the gross wage bill is applicable for temporary and agency workers, which may to some extent impact on the low-qualified. The training levy can be seen as a "train or pay" tax, which implies that if the firm does not invest in training to the required level, it must pay the difference between its actual expenditure and the legal minimum. Likewise, Belgium has established sectoral funds based on employer contributions that are partly compulsory and partly voluntary, the compulsory element corresponding to 0.25% of the payroll. A specific amount must be spent on "groups at risks" which includes among others the low-qualified. The chapter by Nicaise, Verlinden and Pirard on Flanders shows that the sectoral funds have so far had only a modest effect on job retention and progression. The funds are managed by the social partners, who recently agreed at inter-professional level that investment in training should represent 1.9% of payroll contributions by the end of 2004, with 0.1% reserved for vulnerable groups.

In some countries such schemes have been controversial and rejected: the Australian Training Guarantee Scheme, which was very similar to the French system, faced strong opposition from employers' organisations and was suspended in 1994, after only four years (Stevens, 2001, p. 485).

Apart from their lack of popularity among employers, the weakness of these systems is that their focus on the low-paid is not explicit in the law and that they do not prevent employers from spending disproportionately on courses for managers and other already well-educated members of staff. France has tried to respond to this problem by incorporating a clause relating to upskilling in the May 2004 amendment on its 1971 law. This clause stipulates that up to 80 hours can be spent by workers in off-the-job activities aimed at upgrading their skills. A financial compensation of 50% of the usual salary is paid by the state to compensate the employer. The employer is bound by a written agreement to upgrade the post of the worker within one year of

completion of the upskilling course. The outcomes of these changes have not been evaluated to date.[6]

Incentives to address the issues of cost and time

One of the major obstacles is related to the fact that employers regard training for the low-skilled not as an investment but as a cost. One of the most common responses has been to resort to financial incentives, *e.g.* wage cost subsidies and other co-financing measures to "compensate" firms for the perceived loss.

A recent example discussed in this book is the UK Employer Training Pilot (see Chapter 4). At the heart of the pilot is a system of wage compensation paid to the employer for employee time off. The level of the compensation can cover up to 150% of the employees' salaries during the training period depending on the pilot area in which it is being implemented.[7] In Denmark, under the AMU system, employers who provide training to their employees are entitled to receive a subsidy. While the subsidy does not cover the wage expenses in full, its level can reach up to 60% for a low-skilled worker. During periods of economic sluggishness, enterprises have been able to transfer some of their wage expenses to the AMU system by sending their employees on training courses (see Chapter 3).

The effectiveness of wage cost subsidy programmes has often been questioned. While deadweight losses tend to be high in large companies, rigid eligibility criteria and high administrative costs do in some instances deter SMEs from considering these subsidies (OECD, 2005a). Moreover, it is difficult to know what degree of wage compensation will convince the employer who is in principle not interested in training for her/his employees. Anecdotal evidence from the United States suggests that employers are agreeing to contribute up to 50% of the wage bill, with the employee "contributing" by accepting to forego the other half of their salary. Such are the terms of many small-scale training activities organised on an *ad hoc* basis in the United States.

In that context, it may be appropriate to direct financial assistance to employees. Several financial instruments exist, such as bonuses and tax credits to reward workers for their investment in training, as well as time accounts managed by the unions, training vouchers and individual learning accounts. They will be reviewed later.

Rewarding employers for their "social responsibility"

With Corporate Social Responsibility (CSR) gaining ground as one of the new buzzwords across OECD member countries (OECD, 2001c), the traditional view of the employment relationship, in terms of employers' responsibility

towards their staff, has in some instances been replaced by a less stringent attitude: there are now incentives and rewards for employers that train their staff. The UK *Investors In People* standard is a well-known example. This is a checklist of evidence that employers can offer to show that they are undertaking a series of organisational and employee development measures. It is a voluntary scheme, but successful completion of the exercise leads to accreditation of the organisation as an "Investor in People" organisation. The scheme is marketed to employers as a means to achieve improved performance through careful planning, action and evaluation. However, it does not specify the precise learning measures that should be taken, nor does it focus on the training and development needs of low-skilled employees – which suggests room for improvement. The standard was introduced in 1991 but steps have been taken to develop it internationally by establishing strategic partnerships to influence governments, employers and social partners. In 2001, 24 000 organisations were recognised as Investors in People (covering 24% of the UK workforce). Investors in People UK, which is responsible for the promotion, quality assurance and development of the standard, maintains close links with a range of regional delivery partners and professional and educational institutions. Since the establishment of the Learning and Skills Council (LSC) in 2001, there has been an increase in the number of employers recognised as Investors in People. Research into the impact of the scheme showed that the businesses that had adopted the standard improved their performance (Tamkin *et al.*, 2000).

Of course, Investors in People and similar schemes contribute to the company image, which carries symbolic value. They can therefore have a positive impact on how the company is perceived by its customers and business partners. They also give out the signal to staff that they are being valued. However, as a tool for the low-qualified, the scope of such "rewards" remains limited – not only because they are rarely taken up by SMEs, but also because they make training a voluntaristic rather than a social rights-based activity.

Sectoral approaches: tailoring training content to specific employers and industries

One fruitful offer to employers, particularly to SMEs, comes in the form of training packages that truly suit their needs. These approaches have been tried in different sectors of industry, such as metalworking in the United States (see Chapter 5).

Sectoral employment development programmes target a particular industry – and a set of occupations within it – in order to place disadvantaged people in high-quality jobs. These programmes are distinct in that they attempt to change employment practices within their industry sector and

produce wider effects on the local economy (Giloth, 2004; Zandniapour and Conway, 2001, 2002). Sectoral programmes are generally key players in the targeted industry; they influence industry practice on behalf of low-skilled or otherwise disadvantaged workers by pioneering labour-based innovations that also benefit industry. Sectoral employment projects utilise a range of strategies to achieve these ends, including operating education and training schemes; running for-profit businesses; forging institutional links with educational institutions, employers, unions and associations; advocating policy changes; and providing services to firms within the industry. Sectoral programmes intervene on both the supply side of the labour market – by providing high-quality, sector-specific training to workers or potential workers – and on the demand side, by working closely with employers on productivity, competitiveness and other business issues. With an estimated 31 000 organisations, the United States certainly has the most developed infrastructure of workforce intermediaries, although many of those work mainly with unemployed jobseekers (OECD, 2002). The exact number that work specifically with incumbent workers is unclear but the two examples reviewed in this book – the Jane Adams Resource Corporation (JARC) based in Chicago and the Wisconsin Regional Training Partnership (WRTP) – target around half of their activities toward incumbent workers. The reason why such programmes flourish in the United States is related to a disengagement from the federal government and the stronger focus of the Workforce Investment Boards, responsible for co-ordinating and implementing labour market policy at local level, on unemployed people.

Worker-oriented approaches

Most approaches centred on workers tend to be based on the premise that individuals should be empowered to initiate training themselves but are unable to do so because of a lack of information, awareness, time or money, or a combination of these factors.

Promoting information and access to training and learning opportunities

One example is provided by the 1971 law on CET in France. The law incorporates a right to employee training leave (*congé individuel de formation*), which was revised on 4 May 2004 to be more strongly focused on low-skilled and other disadvantaged workers. These approaches are often the result of bargaining at national level and adopted through tripartite agreements. To implement the employee training leave, the French authorities have created the FONGECIFs, publicly funded regional agencies that advise employees from the private sector wishing to take an employee training leave to further their career.[8] This is done through a competence assessment exercise (*bilan de compétences*), or since 2002 through advice on how to obtain recognition of formal and non-formal learning (*validation des acquis de l'expérience*). However,

many employees are unaware that this right is open to them and because of its high cost, only half of those wishing to take training leave are granted the right to do so (Méhaut, 2005).

Addressing motivation and recognition

Of course, reducing the cost of training is in itself insufficient if employers and workers do not recognise the future benefits to be derived from their investment.

Job coaching has become a very popular tool in recent years. There is a growing belief within organisations that individual case management and psychological support can improve business performance (Devillard, 2005). The experience of Flanders in this field shows that job coaching is fruitful for vulnerable workers, particularly those who have recently been reintegrated after a long spell of unemployment and who have a relatively weak labour market attachment. It is seen as particularly useful in the period that follows re-entry into the labour market.

Other means of "motivating" workers can include collective messages promoting cultural change. For example, in certain instances, public policy is used to promote a celebratory culture of learning. As argued earlier, symbolic rewards such as the Investors in People aim at changing long-term attitudes to training. As part of an annual festival that celebrates adult learning, the Singapore Workforce Development Agency (WDA), which will be discussed later, has introduced similar rewards – but in this case to employees who are singled out and presented to their fellow workers as outstanding learners.

Financial incentives

Some countries use subsidy schemes funded through national governments – such as grants and individual learning accounts (ILAs), income tax deductions and training leave regulations – to reduce the costs of training borne by individuals.

ILAs are a relatively new instrument for financing training among the low-skilled; most countries have only implemented pilot projects. Only the United Kingdom, where the number of ILA holders reached one million in 2001, has so far implemented this scheme at the national level. However, the experience led to a large number of cases of fraud with many bogus accounts opened and unauthorised withdrawals taken from individual accounts. Moreover, lack of quality control of providers led to courses of poor quality. Deadweight losses were fairly large, with 44% of account holders indicating that they would have undertaken training even in the absence of the scheme (Owens, 2001). These problems led to the suspension of the UK's ILA scheme only 12 months after its inception. Nonetheless, Wales and Scotland have

adopted new versions of the instrument.[9] The Welsh ILAs were reintroduced in February 2003 and are available to all those who do not possess a qualification up to level 3. In Scotland, ILAs were made available in December 2004; the eligibility criterion is slightly different as they are open to all individuals with a yearly income of less than GBP 15 000. The scheme was expected to be extended to all Scottish citizens from Spring 2005. In both countries, learners can claim up to GBP 200 a year to fund a course of their choice. Special hotlines have been set up for individuals wanting to find out about ILAs.

In Canada and in the United States too, ILAs are limited to those below a certain income and/or asset threshold. These schemes appear to have succeeded in making learning activities learner-centred and in increasing participation among the low-skilled. There are also fewer reported cases of account abuse and lack of quality control than in the United Kingdom. However, the biggest challenge is perhaps to have all key stakeholders (the government, sectoral bodies, social partners and enterprises) agree on the nature of fiscal incentives that ILAs can provide and on effective control mechanisms before expanding these pilot programmes into a nationwide scheme (OECD, 2005a, p. 66).

One further noteworthy instrument comes in the form of training vouchers. For example, most Austrian *Länder* have recently introduced vouchers that subsidise part of the cost of adult education. These are particularly targeted at both low-skilled unemployed and incumbent workers. While their main objective is to increase enrolment in training courses by reducing direct costs, they also provide strong incentives for individuals to finish their course by reimbursing additional amounts upon completion. Subsidy levels and requirements vary by region and target group. For example, in Upper Austria, while the general subsidy is up to 50% of training costs – up to a maximum of EUR 730 – workers over 40 years of age and those without a vocational qualification receive a higher level of subsidy of up to EUR 1 100. Courses leading to higher formal qualifications entitle applicants to higher amounts of EUR 1 460 or of EUR 1 830 for workers aged over 40 (OECD, 2005a, p. 67).

Job rotation

Very often, staff development and skills upgrading are a question of allowing employees time off work to complete the courses. The job rotation scheme common in Sweden and Denmark is often cited as a successful model. The proponents of transitional labour markets have even described Denmark as the "transitional star" (Gazier, 2005, p. 300) because its job rotation system facilitates turnover by easing pressure on the labour market without creating precariousness. The scheme allows wage earners to attend a training course during a paid leave period of up to a year and be replaced by an unemployed person who is then given the chance of returning into ordinary employment.

The employer, in cooperation with the PES, sets up a training plan for the current employee and combines this with special training programmes for the unemployed person hired as a substitute. However, as with other worker-oriented instruments, job rotation has its limitations: it is much more common in large organisations despite the fact that it should in principle be especially attractive to SMEs. Also, contrary to popular belief, it rarely benefits the least qualified worker. Studies in Sweden have pointed to high deadweight effects without clear attainment of expected upskilling outcomes. Moreover, the experience of the EU Job Rotation International Association, an umbrella organisation established through the ADAPT Programme which oversees projects in 14 European countries, is that the success of this scheme is contingent on strong partnerships and close networks between the social partners and the private sector. This example highlights the importance of ensuring that instruments are supported by appropriate governance systems.

Skills identification and assessment

Taking a long-term view: addressing employment retention and career paths

The lifelong learning agenda takes a longitudinal view to adult training and therefore also emphasises the importance of identifying skill needs early. One tool that has been developed by the European agency CEDEFOP is a network known as Skillsnet. The starting point was the acknowledgement that the supply of skills did not match demand. Hence the aim of Skillsnet is to try and identify new and changing skill needs early enough to be able to react and to improve transparency as well as cross-border co-operation and information exchange. The basis of the network's activities is research: it investigates European labour markets and looks for similarities across territories, sectors and occupations in order to identify common trends. It also examines the needs of specific groups, *e.g.* low-skilled people or small and medium-sized enterprises. Its methods include enterprise and labour force surveys, forecasting techniques, scenarios, case studies, analyses of job advertisements and observatories on skills developments. Since 2002, it has organised various events to present research in this field and discuss the findings with social partners and decision makers in training policy and practice.

In addition, career guidance systems are undergoing major changes to become more flexible and to be accessible to incumbent workers, not solely to jobseekers. There is currently a search for more innovative and diverse delivery methods to widen access to career guidance on a more cost-effective basis. These include raising self-awareness and creating open access resource centres (OECD, 2004a).

Recognition and validation of non-formal learning

The issue of assessment has recently emerged as a central element to skills upgrading. Indeed, as often noted, the nature of the training provision and course content is often fuzzy since these are not meant to function the same way that traditional educational systems do. This has brought to the fore the need for specific and clear benchmarks that all actors can refer to. In the EU, the Copenhagen declaration of November 2002 stated that there is a need to "develop a set of common principles regarding validation of non-formal and informal learning with the aim of ensuring greater comparability between approaches in different countries and at different levels".

As famously argued by Michael Polanyi (1967), the creation of knowledge and therefore of skills and competences is contextual and partly tacit. The task of identifying and assessing tacit competences therefore poses a major methodological challenge.

A study by CEDEFOP distinguishes various models for the recognition of non-formal learning (Guggenheim, 1999). The German and Austrian approaches to identification, assessment and recognition are very similar. In the dual system, work-based learning has been systematically integrated into education and training, which is why these two countries have been very reluctant to embrace the trend towards recognising non-formal learning. On the one hand, this reflects success; the dual system is generally viewed as successful in terms of both pedagogy (the combination of formal and experiential learning) and capacity (high proportions of the age groups covered). On the other hand, and reflecting the strong emphasis on initial training, the existing system seems only partly able to extend its functions to CET and to the more diverse training requirements of adults. Nonetheless, a substantial amount of project-based experimentation and the attention accorded these questions are increasing. The discussion on recognition of non-formal learning in Germany and Austria is closely linked to that on modularisation of education and training.

The Mediterranean approach (Greece, Italy, Portugal and Spain) towards methodologies and systems for non-formal learning has been a positive one. The usefulness of such practices was clearly expressed both in the public and private realms, and not simply in terms of making it easier to utilise existing competences. Methodologies for the assessment and recognition of non-formal learning can also be viewed as tools for quality improvement, encompassing not only single workers and enterprises but whole sections of the economy. These countries also illustrate that the step from intention to implementation is a long one. Legal and political moves have been made through educational reforms of varying scope, but the actual introduction of assessment and recognition practices has not progressed very far.

Nordic countries (Denmark, Finland, Norway and Sweden) have all taken practical steps through legislation and institutional initiatives towards strengthening the link between formal education and training and learning that takes place outside schools. Despite the fact that some elements of this strategy have existed for some time, the most important initiatives have been taken in the past ten years. The sharing of experiences between these countries is strong.

Ireland, the Netherlands and the United Kingdom are described as having adopted "the NVQ (National Vocational Qualifications) approach".[10] This consists of adopting an output-oriented, performance-based model of education and training. General acceptance of learning outside formal institutions is seen as a valid and important pathway to competences in these countries. What is questioned, however, is how such a system should be realised. The UK and Dutch experiences illustrate some of the institutional, methodological and practical problems associated with establishing a system able to integrate non-formal learning within its framework. Foremost among these is the challenge of developing an acceptable qualification standard. As long as assessments are criterion-referenced, the quality of the standard is crucial. The UK experiences point to the difficulties of balancing between too general and too specific descriptions and definitions of competences. All three countries base their vocational education and training on modularised systems, which would seem to support the rapid and large-scale introduction of methodologies and institutions towards the recognition of non-formal learning in the field.

The other two countries reviewed by the CEDEFOP study, Belgium and France, have focused on "opening up" diplomas and certificates. France can be characterised as one of the most advanced European countries in the area of identification, assessment and recognition of non-formal learning. Belgium has been less active, but a number of initiatives were taken since the mid 1990s, partly influenced by the French experiences. The first French initiatives were taken as early as 1985, when the system of the *bilan de compétences* was introduced. The aim of the *bilan* is to support the employer/employee in identifying and assessing professional competences; to support both career development and enterprise-internal utilisation of competences. The second important French initiative consisted in extending the coverage of the national vocational education and training system to competences acquired outside formal institutions. Since 1992, vocational certificates (*Certificat d'aptitude professionnelle*) can be awarded to various degrees on the basis of assessments of non-formal and prior learning. A third important initiative was taken by the French chambers of commerce and industry; the aim was to set up procedures and standards for assessment independently of the formal education and training system. Finally, with the 2002 legislation on "social modernisation" France has formally introduced a system to validate non-formal vocational learning (*validation des acquis de l'expérience*). Under this

system, each worker who has been employed for at least three years is entitled to obtain formal recognition of their acquired competencies in the form of a certificate (*certificat de qualification*). In 2003, some 5 500 French workers applied for validation of non-formal learning against 2 800 in 2002. This remains, however, a disappointing figure.

Some countries have recently gone further down this route by developing comprehensive frameworks for skills assessments. This is the case with the Essential Skills and Workplace Literacy (ES&WL) Initiative developed by Human Resources and Skills Development Canada (HRSDC) (see Box 2.2). The strength of this framework lies in its prior research on the competences required in specific job profiles, so that the content of training plans can be matched accordingly. Consensus over the methods for attaining competences for the job profiles allows both employer and employee to work towards achievable, realistic goals. The ES&WL provides a neutral objective framework that can be used as guidelines by a variety of actors – the employees and employers who are chiefly concerned, but also teachers, workplace trainers, career counsellors and instructors.

An example of the practical application of HRSDC's initiative is the TOWES (Test of Workplace Essential Skills) which has been developed by community colleges in Calgary. The community colleges involved offer services to employers and employees, or in some cases to a specific sector, *e.g.* the truck industry's employer association, adapting TOWES to their local context. The providers tailor a test for the various categories of employees within the firm taken by employees on a voluntary basis.

Canada is not the sole country to use skills assessment. In fact, governments and public agencies are not the sole institutions offering such instruments. In countries with residual welfare states such as the United States, for example, the market is increasingly supplying skills assessment tools that are sold to employers as "effective" solutions for a career education and development plan. Several private software companies are offering dubious online assessment toolkits. For example Brainbench, a US supplier of online skills assessment packages, argues that "online skills measurement can help mitigate the shortfalls of the traditional, pencil-and-paper testing methods often blamed for inducing employee anxiety". It is further argued that the use of new technology benefits employees in many ways: by delivering "objective" validation, based upon calculated assessment results, they enable repeat testing to accurately measure before-and-after learning progress. While such companies claim that their online skills assessment tools result in reduced staff turnover for employers and improved career prospects for employees, such claims certainly require caution in the absence of solid evidence.

Box 2.2. **Workplace essential skills (Canada)**

In April 2003 the government of Canada launched the Essential Skills and Workplace Literacy (ES&WL) Initiative, following extensive research based on the OECD's International Adult Literacy Survey, the Canadian Language Benchmark and other sources from the United States, Australia and the United Kingdom. More than 3 000 interviews were conducted in Canada with people working in a wide range of occupations. The ES&WL Initiative provides a framework that seeks to equip Canadians with "the skills needed for work, learning and life". Nine "Essential Skills" have been identified and validated. These are:

1. Reading text
2. Document use
3. Numeracy
4. Writing
5. Oral communication
6. Working with others
7. Continuous learning
8. Thinking skills
9. Computer use

These Essential Skills are used in nearly every occupation and throughout daily life in different ways and at different *levels of complexity*. Those levels are a rating tool by which all skills are measured. Complexity levels from 1 (basic tasks) to 4 or 5 (advanced tasks) are assigned to example tasks performed by a worker in a specific job. The complexity levels address the differences in skill requirements between occupations.

For example, if a bricklayer and a travel agent both require the Essential Skill of writing to do their respective jobs properly, the specific form and complexity of writing is different for each. According to the designers of the test, a bricklayer typically requires a level 2 since the writing tasks their job involves are less complex, e.g. revising work orders, writing estimate sheets on the cost of materials or labour, and filling out simple forms such as incident reports. However, a travel agent typically requires a level of 4 as they use a more complex writing style to complete such materials as magazine articles and advertisements to market tours. The rating is higher than the bricklayer's because the scale takes into account the length and purpose of writing as well as the style, structure and content.

Close to 200 Essential Skills profiles for various occupations of the National Occupational Classification have been developed. Human Resources and Skills Development Canada offers an interactive online learning tool known as the Essential Skills Equalizer. *The Equalizer* provides users with a brief description of the occupation, example tasks and skill sets for sample occupations. The profiles can be of use to curriculum developers, trainers and teachers, guidance and career counsellors, employers, employees, parents, mentors, researchers and learners.

Source: www15.hrdc-drhc.gc.ca/.

Actors and institutional arrangements: the governance of workforce development

The following section focuses on the infrastructure for training provision and more specifically on how otherwise disparate actors and services can be brought together to deliver the aforementioned instruments in a smooth and co-ordinated fashion. It discusses a series of elements that are decisive for the adoption and successful delivery of skills upgrading initiatives.

Impulses from national governments: the initial prerequisite

First, the degree to which central government has rallied efforts around workforce development and devolved responsibility is, as in other fields of ALMP, crucial. The workforce development agenda has received varying degrees of central government impetus, steering and support in OECD countries; the extent to which national policy makers have been involved in the initiatives could arguably reflect the varying traditions of welfare state intervention.[11] For example, the Third Way vision of the post-1997 UK Labour government was first central to the widespread diffusion of the welfare-to-work agenda via the New Deal Programme for the unemployed. The programme was originally allocated a national budget of GBP 5.2 billion and designed by government to be delivered locally (Sunley, Martin and Nativel, 2005). The more recent emphasis on skills evident in its *21st Century Skills* strategy published in July 2003 is motivated by concerns with the productivity gap between the UK and its main competitors (DfES *et al.*, 2003). The skills strategy adopts a similar method of intervention with an overall national budget and with regional and local actors required to form partnerships known as "Skills Alliances". Individual schemes such as the Employer Training Pilot are among the tools that Skills Alliances can draw upon. They are designed and funded by central government (with a total funding of GBP 290 million) but delivered under the responsibility of the newly established Workforce Development Agency, the Learning and Skills Council (see below). Discretion is left to the regional arms of this agency to vary some of its distinctive features, such as the mix of hours allocated to training and the level of wage compensation. Hence while local variations exist, the scheme is typically one driven by central government.

Likewise in Canada, the main concern of government was to provide a tool (the Essential Skills assessment), designed at national level but applicable to a variety of labour market circumstances. Its strength is to propose a template that can be applied to all sectors of industries and to suit a variety of occupations, from accounting clerks to woodwork machine operators.

As argued above, the Nordic countries tend to offer a comprehensive framework for lifelong learning and upskilling: the instruments are made available on demand by local actors. Denmark, like its neighbours, is often

presented as a pioneer in the field of CET. Traditionally, the legal framework and generous national funding that are part of the "universalist" welfare regime have promoted a voluntaristic culture towards adult education and training (Goul Andersen, 1997; Abrahamson, 2002). Employers and workers are aware of the training allowances and subsidies they are entitled to and can therefore avail themselves of the opportunities without being urged to do so through exceptional short-term pilot programmes. Despite an already well-established framework for provision, there is evidence that the Danish education and employment authorities are adopting a common national strategy, *Better Education,* published in 2002 (see Chapter 3).

In contrast, federal governments in Belgium and the United States are clearly less involved in giving the impetus for skills upgrading initiatives, so that the initiatives for low-qualified workers are "bottom-up". In the United States, these have traditionally been formulated by states that receive little federal funding for incumbent workers, so that workforce intermediaries such as the Jane Addams Resource Corporation and the Wisconsin Regional Training Partnership are "filling the gaps" (see Chapter 1).

Flanders has recently developed a strong lifelong learning strategy, and one of the Flemish government's main goals on the labour market is to increase the rate of employment. This is reflected in a strong emphasis on measures to foster the integration (or reintegration) of disadvantaged individuals into the labour market. Nonetheless, there is evidence that where local pilots are filling an important policy gap, the government often provides co-financing, which is not necessarily the case in the United States. Flemish examples include a job coaching initiative funded under the EU Community Initiative EQUAL, for which the Flemish labour minister[12] gave support by funding additional coaching posts (see Chapter 6).

Apart from providing an overall framework consisting of closer inter-ministerial strategies on workforce development and joint funding (see Box 2.4), initiatives from national governments also involve institutional change, either through the creation of new agencies or through reform of existing ones.

Institutional innovation

Institutions sometimes lack effectiveness in their use of existing instruments and require some innovative reshaping. In many instances, public sector bodies such as the Labour Market Training Board (*Arbetsmarknadutbildningen*) in Sweden, the Learning and Skills Council (LSC) in the United Kingdom, the Workforce Investment Boards in the United States and the *Agence pour la Formation Professionnelle des Adultes* (AFPA) in France are in charge of centralising VET provision and commissioning a wide range of

providers for local delivery. The high heavy administrative burden associated with these responsibilities, sometimes entailing multiple accountability lines, and the lack of contact with local stakeholders (business, workers, local communities) often generate mismatches between the services provided and actual needs.

As mentioned above, in England, Individual Learning Accounts (ILAs) have been discontinued as the result of mismanagement and fraud, highlighting the risks of poor accountability and transparency in the governance of an over-centralised system of training provision. In addition, except in countries such as Denmark and Sweden where job rotation has been traditionally catered for by adult learning centres, education and training suppliers have traditionally offered courses in settings and at times that were incompatible with the constraints faced by incumbent workers. These suppliers have therefore been challenged to reorient their courses for low-skilled adult learners. That has necessitated proactive linkages with businesses, *e.g.* through canvassing of employers and flexible delivery to adapt both time and training environments to demand. Institutional innovation is thus a means to promote a better "local fit".

One example of institutional innovation is provided by the centres of vocational excellence in further education (CoVEs) managed by the LSC (see below). CoVEs are specialist areas of vocational provision characterised by close links between colleges, training providers, business partners, other employment interests and communities. They aim to produce appropriately qualified and skilled workers with excellent employment and career prospects that will meet the needs of the economy. Their remit is to focus on enhancing the skills and careers of those already in work; enhancing the future employability of new entrants to the labour market; and improving the employment prospects of those seeking work (including self-employment). They enable providers to develop, maintain and deliver high-quality, specialist provision across a range of new and traditional occupations. Their aim is to be innovative in delivering learning that develops both specialist and related general skills.[13]

Furthermore, the adoption of systems for recognising and accrediting formal and informal learning has enticed the French authorities to create a new institution in 2002, the *Commission Nationale de la Certification Professionnelle* (CNCP), whose remit is to improve the transparency of qualifications and diplomas and to ensure their compatibility.

An instrument discussed above concerned sectoral initiatives directed at employers. Not all the countries of the OECD have established workforce intermediaries as in the United States that can help identify business needs. In 2002 the UK government launched the Skills for Business Network, which

consists of 25 new employer-led Sector Skills Councils (SSCs) to be established by the end of 2005 to cover 85% of the UK workforce. The SSCs are supported and directed by the Sector Skills Development Agency (SSDA).[14] The network replaces the former National Training Organisations, which were generally felt not to have been very successful in engaging employers. The remit of the Skills for Business Network includes the realisation of a much more powerful role for employers in the skills agenda across the United Kingdom, notably through the establishment of Sector Skills Agreements. These agreements are designed to deliver action that meets priority skill needs and that will drive improved business performance. They provide a means whereby employers and employees in each sector can identify skill needs and areas of low productivity, the response required, and how they will collaborate with education and training providers so that skills demand can directly shape the nature of supply. The focus of the agreements is on national sector issues, although the delivery has a regional and local dimension.

The creation of Workforce Development Agencies

Workforce Development Agencies are undoubtedly a powerful means with which to respond to some of the problems discussed above, such as the lack of transparency for training provision, assignment issues and poor employer engagement.

Since the late 1990s, several governments have taken steps to create new agencies specifically entrusted with the task of improving the skills of the workforce. One of the most impressive examples to date comes from Singapore. The Singaporean Workforce Development Agency (WDA),[15] established in September 2003, acts as a "catalyst and champion of workforce development". It adopts a twofold strategy: an immediate-term and a medium-term focus. The first mainly takes the form of job matching, while the second consists in spurring adoption of a comprehensive continuing education and training system to raise the competency of every worker in Singapore. The agency works with partners (training providers and economic agencies) to try and establish industry-focused CET development initiatives. Its aim is to improve the standards of adult education and training. It directs research in adult learning, guides curriculum development and has started to develop a national skills and competency framework (National Skills Recognition System) that includes an accreditation scheme to enhance the capability of trainers. Among a large range of schemes for both employers and employees, the WDA launched a three-year programme in November 2003 specifically directed at SMEs. Through SME Upgrading for PERformance (SUPER), the Agency is devoting some USD 40 million to support over 300 000 training places. SMEs can benefit from higher course fee funding of USD 5 per trainee-hour instead of USD 2.50 for broad-based training programmes. Additionally,

SUPER boasts the use of brokers known "Training Champions". These are industry associations that undertake projects aimed at promoting workforce training among SMEs, and which receive 90% funding per project, capped at a total funding of USD 300 000 per Training Champion per year.

Another workforce development agency is the UK Learning and Skills Council, established in 2003. The LSC is the statutory body for the delivery of the government's Skills Strategy. It has responsibility for all vocational education and training in England for everyone aged 16 and over. The national office in Coventry works with a wide range of stakeholders. These include national organisations such as the Confederation of British Industry (CBI), the Trades Union Congress (TUC), Investors in People UK, Connexions, Business Link Operators (BLOs), Jobcentre Plus, Sector Skills Councils, the Association of Colleges, voluntary organisations and large employers. The agency has nine regional offices and 47 local arms. One of its first programmes, launched in April 2003, was the Employer Training Pilots (see Chapter 4). It has also taken over management of the Union Learning Fund to help trade unions encourage more learning at work, and has provided GBP 9 million into a "Skills for Life" basic skills programme. In its first year of existence (March 2003 to April 2004), the LSC spent a total of GBP 8.8 billion, of which GBP 2.9 billion (32.5%) was spent on adults. Workforce-related programmes, which include the ETP and Union Learning Fund, represent GBP 108 million, or 3.8% of the total funding spent on adults, the bulk going in general further education for adult learners.[16] Where they are implemented, the ETPs fill a policy gap for the low-skilled target group. In addition, the ETP have dedicated staff who visit employers, tailor training services to their needs and assist with organisational issues, thereby correcting a governance failure and overcoming the centralisation problem discussed above.

Several other OECD countries have recently created WDAs. In 2002, Mexico created the National Council of Education for Life and Work (CONEVyT) as part of the federal government's dual strategy of poverty reduction and economic growth. It is responsible for building a national lifelong learning system and for articulating the roles of the different providers. It is also responsible for programme evaluation and research (OECD, 2005a, p. 117).

Ultimately, the challenge for these agencies is to establish credibility, particularly with employers, employees and local training providers. Other agencies such as careers services previously failed because of a lack of legitimacy, competence and accountability. A clear role and purpose certainly help by endorsing a much needed leadership: WDAs act as a "supernode" in the field of skills development, setting clear and achievable objectives and outcomes for their localities (Box 2.4). Of course, the examples described above highlight that this type of innovation comes at a high cost. Since WDAs

are established as statutory agencies, they receive significant budgets from central government which help sustain their activity.

Workforce development as part of a local economic development strategy

Of course, advocating the creation of new actors and agencies such as WDAs or workforce intermediaries is not in itself sufficient. A further crucial element is the ability of these bodies to link up skills with broader local economic development strategies from which they can raise funding.

In some cases, the only initiatives that involve attention to skills are in fact dedicated ones. For example, in the United States where national policies towards skills development are nonexistent, states use their own funds to provide employed workers with training. Yet these programmes tend to be earmarked for attracting and retaining businesses or increasing productivity in specific sectors and occupations (Chapter 1). States can also fund such activities in conjunction with other federal funding grants, such as the Department of Housing and Urban Development's Community Development Block Grant. The grants are used for economic development purposes; they are meant to improve job and business opportunities in deprived communities. These state-sponsored training programmes help businesses address a variety of issues including skill development, competitiveness, economic development and technological changes. Approximately half of the funds for the programmes are targeted at incumbent workers. However, as is often the case, they do not necessarily benefit low-skilled workers. Thus local economic development initiatives have both strengths and weaknesses: while they manage to connect the skills agenda to a broader business-driven strategy of inward investment and adoption of ICT in local firms, they do not solve the problem of inequalities in skills provision. In some instances they may even widen the gap between highly paid and poorly paid workers and therefore have the opposite effect of what socially inclusive upskilling measures should deliver. Local and regional skills strategies must appeal to businesses, but they cannot be equated with economic development alone. One way to respond to this tension is to leverage hybrid sources of funding, as do most US workforce intermediaries; the funding is then pooled to design comprehensive training schemes. According to the director of the Jane Adams Resources Corporation, although we are a small organisation, we bring a lot of sophistication because we look at a government grant and rather than seeing how it is inflexible, we try to push the boundaries to make it as flexible as possible so that workers and employers benefit.[17]

As skills requirements vary from one industrial sector to another, the identification of industrial clusters according to sectoral patterns is part of the delivery of upskilling. Institutional change in the United Kingdom means that

additional actors such as the SSDA described above can act as employer gateways to increase skills demands.

Fostering local partnerships that combine reduction of the "digital divide" with workforce development is a further positive step towards local economic development, since this type of action increases the local skills supply. A US workforce intermediary, the Vermont Associates for Training and Development Inc., provides an interesting example. This non-profit organisation is at the heart of a partnership with local community; faith-based organisations host sites with whom it delivers a programme known as the *TechCorps*. The programme has recruited 30 computer mentors based in several sites, *e.g.* libraries, schools, centres for seniors and adult education centres. The mentors help teach computer basics, keyboarding, word processing and Internet basics and email usage to the targeted population who are the clients or managers of these organisations. Based on their needs and interests, individuals may focus on a specific component of training or participate in the entire programme. The training, conducted one-on-one or in small groups, is based on a self-paced tutorial method of learning, a method particularly well suited to adult learners and those requiring individualised attention. The TechCorps members deliver direct computer mentoring services to four population segments targeted as most in need; these include individuals who are low-income, rural isolated, have low levels of education, and the elderly. While the programme is not directly targeted at the working poor, it is also available to this population. Through the creation of a grass-roots technology network, the Vermont TechCorps programme grants digital access and instruction to those incumbent workers who may not be in a position to use computer technologies either through the workplace or at home.

Providing information and intelligence

Some regions have dedicated centres that provide regional information and intelligence. These are often the result of partnerships between local authorities and universities. One best practice example is the Marchmont Observatory established by Exeter University (in the South West of England) in 1998 following a successful GBP 3 million bid to the ADAPT Programme of the EU.[18] The Observatory aims to improve evidence based practice in the field of lifelong learning through good practice capture and dissemination, networking, the development of learning programmes and action-based research. It was initially established as a partnership between the University of Exeter, the Open University, the BBC, the Trade Unions Congress (TUC), IBM, the Financial Times and Thomson NETg,[19] a provider of corporate learning solutions with some 5 000 clients including high-profile companies such as British Airways and Motorola. The early focus of the Observatory was the field of ICT and

learning, and a close collaboration with the University for Industry/learndirect, an e-learning initiative of the UK government. It is now funded from a range of sources, including several of the initial partners. As part of its ongoing commitment to develop regional expertise, the Observatory has established the Skills and Learning Intelligence Module (SLIM) of the Regional Observatory on behalf of partners in the region. SLIM provides a source of robust and accessible evidence on the skills and learning needs of individuals and businesses across the South West to inform policy decisions, funding programmes, organisational and partnership strategies and individual projects. SLIM has grown along with the region's importance as a focus for promoting sustainable economic and social development and the increased national emphasis on evidence-based practice.

Promoting skill alliances and partnerships among regional stakeholders

Chambers of commerce, regional development agencies, business link operators and private HRM consultants all have a well-established role as core business partners. Trade unions, PESs, career guidance and counselling agencies, the voluntary sector and grassroots organisations are typically in contact with the workforce since their remit is to help jobseekers and incumbent workers. Local and community colleges have a more neutral role that consists of providing a range of educational curricula and training schemes, often according to a tight and rigid schedule. While these three categories of actors may participate in partnerships and networks of various kinds, they represent different spheres of concern that rarely interact. Some may, however, have information that can be beneficial to others. For example, while it is not the role of the PES to design training schemes for incumbent workers, because they are in contact with many local SMEs as a job broker the PES may hold valuable information to share about business training needs that could serve local skills strategies. This is why WDAs are central to bringing together the discrete information and tacit knowledge held by various actors to develop skills planning strategies. In Denmark, the PES of the Storstrøm region appeared to endorse such a role.

"Regional skills alliances" is the new buzzword to describe partnerships in the field of workforce development. Such alliances are burgeoning in the United States and in the United Kingdom. In May 2004 several Regional Skills Alliances were set up in the state of Michigan (United States), in large part as a result of the influence of workforce intermediaries. Governor Jennifer Granholm announced that the state of Michigan, with assistance from the Charles Stewart Mott Foundation, would provide one-year start-up grants totalling USD 1 050 000 for the initial development of up to 12 Michigan Regional Skills Alliances (MiRSAs)[20] across the state. The long-term strategy of

this initiative administered by the Michigan Department of Labor and Economic Growth (DLEG) is eventually to receive and fund applications from the 83 counties in Michigan. MiRSAs are locally managed partnerships formed to address workforce issues affecting firms operating in the same industry in a particular geographic area. Among the challenges the MiRSAs set out to resolve are labour shortages, skill shortages, training mismatches, employee recruitment and retention, and organisational design. MiRSAs seek to resolve systemic and structural problems by working at a multi-firm, industry-based level. They are regional in nature and reflect the local labour market, *i.e.* they tend to cover a whole county. Participating firms draw on a regional labour pool of people who live and work in the region. Employers who participate in such alliances tend to see the business climate as friendly and supportive, an important consideration in location decisions. MiRSAs engage all appropriate public and private stakeholders in collaborative problem solving. These stakeholders are brought together by a convener, a body acting in part as an organiser but also as a partner with expertise in the issue area. Industry sectors in which MiRSAs are formed are a significant part of the local economy, but they need not be the principal industry of the area.

Likewise, the United Kingdom's National Skills Strategy *21st Century Skills* announced the formation of Regional Skills Partnerships (RSPs) as a key means of integrating activity on skills, training, business support and labour market activity to promote regional economic development. In the course of 2004 each region developed plans for Regional and Local Skills for Productivity Alliance (RSPA and LSPA). These alliances provide a focal point for the joint planning of skills, business improvement and employment services, aligning provision and services to meet employer demands and regional and local economic needs. This includes addressing market failure in skills provision and delivering collaborative action to meet the needs of employers and the workforce. The Regional Alliance provides the lead, while LSPAs are created with the same boundaries as local Learning and Skills Councils (LSCs). The LSPAs' creation is being led by local LSCs in conjunction with Regional Development Agencies (RDAs), Jobcentre Plus and BLOs (see Chapter 4); it is intended that they will capitalise on the structures at sub-regional level to co-ordinate learning and skills provision from the perspective of the community and individual learner. However, given that organisational structures to promote skills for productivity and employment – particularly skills to meet needs of employers – are less well developed, LSPAs bring together key partners and employers and provide a strong demand-side voice.

Putting the social partners at the heart of upskilling strategies

Belgium, Germany and the Nordic countries have a strong tradition of social dialogue, in which education and training for incumbent workers is a

central element. The Flemish government and its social partners have concluded sectoral covenants at the regional level that strive for proportionality of all underrepresented minority groups in training through collective bargaining. When a sectoral agreement is approved by the Flemish government, that sector receives funding for the appointment of a dedicated education and training consultant whose remit is to devise diversity plans for firms undergoing restructuring. (Chapter 6 discusses one such plan for a private company in Flanders.) The diversity plan has successfully taken a core of workers without upper secondary education and harnessed their training for the internal work reorganisation of the firm through new management techniques that have prevented its closure.

In Denmark, social partners and public authorities work closely together to promote competence development in companies (see Chapter 3). This way, consistency can be ensured between the work conducted in bipartite social dialogue and in tripartite bodies at local, sectoral and national levels. At national level the general framework is defined through tripartite bodies advising the ministers. At sectoral level, framework agreements can be negotiated between social partners, which define general principles and common features for competence development in companies. These agreements deal with issues such as access to learning, resources for learning and the role of employees' representative bodies. At company level, different tools are used to ensure co-operation between social partners. Identification of workers' current competencies and future needs is possible through an annual interview between employer and employee. Currently, approximately 75% of Danish employees go through these interviews. Once the interviews are analysed and the company's competence needs defined, a learning plan can be developed. Local training committees offer the possibility for management and worker representatives to discuss and plan learning activities. Social partners also participate in tripartite boards with education and training providers at different levels. These partnerships enable educational and training providers to anticipate competence needs and to define training activities in a more accurate way. They also contribute to ensuring effective implementation of learning plans and the positive impact of learning on companies and workers' development. A further example is the collective agreement in the metalworking industry in one of the 16 German regions, the Land of Baden-Württemberg (see Box 2.3). This is a best-practice example of a "right to training" devised both at sectoral and regional level.

In addition, as argued above, the social partners can also input their experience to help shape the design of national policy, such as systems for the recognition of formal and non-formal learning.

Box 2.3. **The 2001 collective agreement on training in the metalworking industry in Baden-Württemburg (Germany)**

On June 2001, IG Metall and the regional employers' association agreed to commit to the principle of lifelong learning in the metal and electrical engineering industry of Baden-Württemberg. According to the Agreement, each employee has the right to a regular assessment with the employer on his on her individual training needs. Special consideration is given to low-skilled workers employed on the assembly line. If a need is identified, an individual training plan is agreed upon. In case of a dispute, attempts are made to reach an agreement through the works council or, in companies with over 300 workers a special parity Commission. The costs of training are borne by the employer. Each employee with five years' tenure is entitled to three years of unpaid leave for training. After successfully completing the training, the employee can expect to use the newly acquired skills in their occupation. The social partners created a new "Agency for the Promotion of In-company Continuous Education and Training". In addition to conciliation and arbitration in individual matters, this agency is entrusted with consulting companies and developing training programmes for unskilled and semi-skilled workers, as well as programmes to accommodate industrial restructuring in the region. One of the outcomes of the Baden-Württemberg collective agreement was the decision by the company Daimler Chrysler in 2002 to bind each of its establishments to hold annual discussions with the work councils on the repercussions of industrial and organisational change for employers' skills requirements.

Source: Bosch, 2003; Bundesministerium für Bildung und Forschung (2003), quoted in OECD, 2005a, p. 91.

From training champions to adult educators: the brokerage function

The brokerage function is fundamental to skills upgrading. In certain situations the communication between actors demanding training and those able to provide it is nonexistent. This is because the market has failed to provide information on the courses and funding streams available to initiate education and training programmes. This failure is evident in SMEs not covered by social dialogue.

Brokerage through a third party can help remedy the failure. The task of the broker is to initiate training (without necessarily providing it) by facilitating the communication channels between employers and employees, between employers and providers, or between employees and providers. These intermediaries identify training needs and explore the feasibility of setting up training activities jointly with the employer. They identify the

relevant providers and public funding sources, if any. In some cases they take care of all organisational aspects in order to facilitate as much as possible the role of the employer. The identity of the broker will vary according to the configuration. The terms used to signify these brokers range from "educational consultants" in Denmark, to "learning union representatives", "learning ambassadors" and "training champions" in the United Kingdom and Singapore to "civic entrepreneurs" in the United States and "adult counsellors" in other countries. Staffs of community colleges would play a similar role in Canada.

Institutional backgrounds also differ. The individual agents who endorse the role of brokers become key nodes in the regional and local skills strategies. Because they are external to the firm and have prior knowledge of local training options and facilities, these agents mediate between other labour market agents, facilitating formulation of a demand. While some marketing agents of labour market institutions like the PES are frequently in contact with local SMEs from whom they are trying to source vacancies for their existing clients, this type of brokerage is not within their remit.

Part of the strength inherent in the brokerage function relates to the fact that the agents are in the position of advising solutions that coincide not with an institutional and rigid logic but rather with a more customised, case-by-case approach (as seen with the aforementioned example of sectoral initiatives). In the case of the UK employer Training Pilot, it was found that "hard to reach employers appear to be particularly attracted by the brokerage and help with identifying training needs" (Hillage *et al.*, 2004, p. xi). Likewise, and paradoxically perhaps, brokerage may also result in radical solutions for well-motivated individuals. For example, if employers are inflexible and reluctant to let their staff attend a training course, the employee need not fear losing their job when it may be more beneficial to abandon their employment to go on training leave. During the case study visit in Flanders, one of the interviewees mentioned that an employee who felt trapped in his previous job was advised by an educational consultant to change careers. He then left his employer and successfully took up an intensive six-month course that led to a better-paid position.

Encouraging local partnerships for skills: supranational initiatives

A variety of supranational agencies and networks such as CEDEFOP,[21] the UNESCO-UNEVOC Network[22] and the European Commission play an important role, not only in promoting the benefits of upskilling but also in providing resources and funding for filling the gaps.

Since the 1960s, the European Commission has channelled resources into innovative pilots through its European Social Fund (ESF) which supports

Box 2.4. **The EU initiative EQUAL (2000-2006)**

EQUAL is a programme funded by the European Social Fund (ESF) for EUR 3 026 million from 2000 to 2006. The overall aim of EQUAL is to promote new means of combating all forms of discrimination and inequalities in connection with the labour market through transnational co-operation. EQUAL operates in nine thematic fields based on the four pillars of the European Employment Strategy (EES), adding another priority addressing the specific needs of asylum seekers. As shown in the table below, skills upgrading initiatives fall within the remit of Theme E (lifelong learning) and Theme F (supporting the adaptability of firms and employees) in the Adaptability pillar of the EES. In its first Round, the Programme helped support some 1 300 development partnerships (DPs) selected across the 15 member states and the Czech Republic involving nearly 14 000 partners. When implementing the nine thematic fields, DPs have to take into account five key principles: partnership, innovation, empowerment, transnationality and mainstreaming.

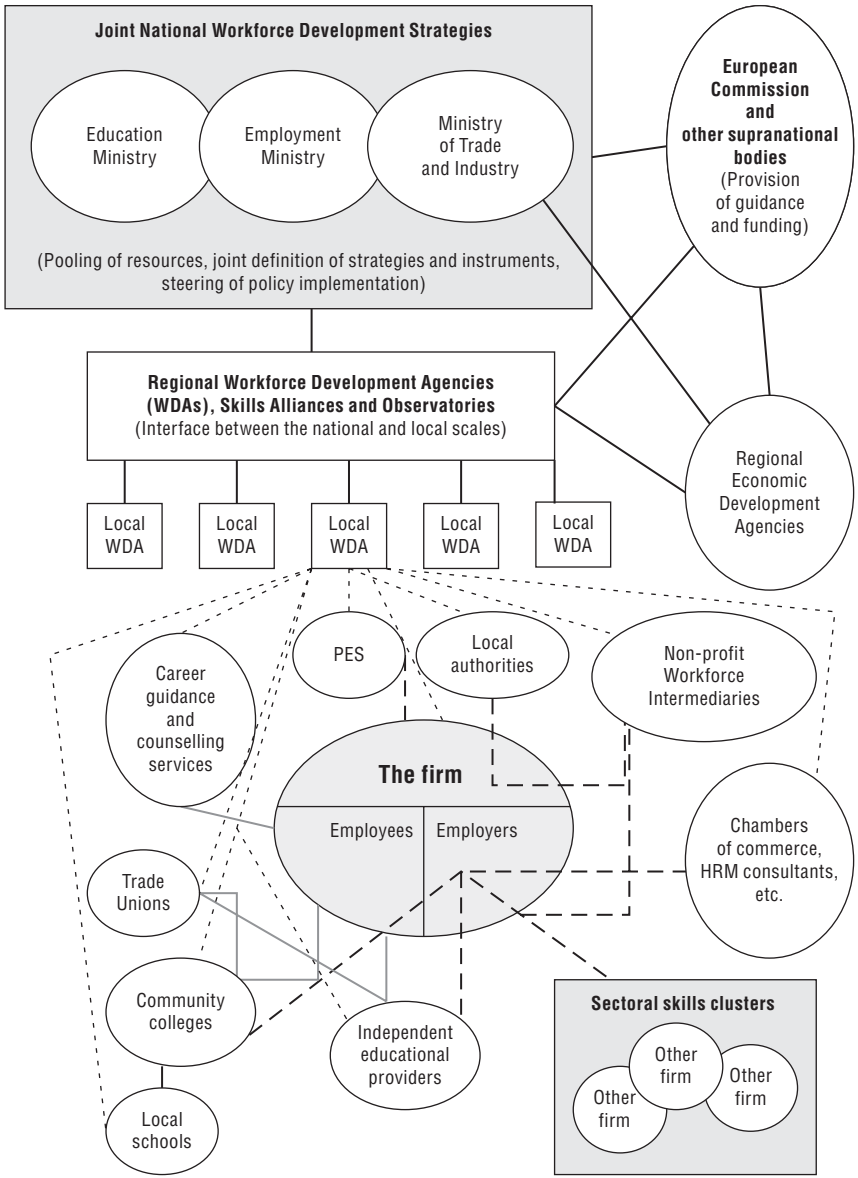
Pillars	*1. Employability*	*2. Entrepre-neurship*	*3. Adaptability*	*4. Equal opportunities for women and men*	*5. Asylum seekers*
Thematic fields	A. Facilitating access/return to the labour market	C. Opening up the business creation process to all	E. Promoting lifelong learning and inclusive work practice	G. Reconciling family and professional life and reintegration of men and women	I. Helping the integration of asylum seekers
	B. Combating racism and xenophobia	D. Strengthening the social economy	F. Supporting the adaptability of firms and employees	H. Reducing the gender gaps	

The Adaptability pillar in EQUAL

The European-wide evaluation established that one-third of the DPs have devoted their activities to the Employability pillar, and just under one-quarter to Adaptability (with 15% of the DPs operating under Theme E and 9% under Theme F). A review of Theme E DPs indicates that their activities have focused on designing new learning methods (for particular vocational areas); increasing the recognition and transferability of skills; assuring quality (through accreditation); encouraging non-traditional learners to participate; providing support services both to learners (in training and in work) and to SMEs; developing innovative working arrangements including cultural and organisational change (especially with reference to SMEs); and a number of more specific measures such as job rotation. The role of the social partners in these activities has been significant.

Source: EQUAL Web site (*http://europa.eu.int/comm/employment_social/equal/*). See also Bernard Brunhes *et al.* (2004), *EU-wide Evaluation of the Community Initiative EQUAL*, Midterm Report carried out on behalf of the European Commission.

Figure 1.1. **The institutional framework for skills upgrading initiatives**



Source: Author's diagram based on findings from the SULQ study.

National Employment Plans and tends to be pooled to EU members' own funding programmes for the regions. Special programmes funded under the ESF, such as ADAPT and (more recently) EQUAL, address skills and lifelong

learning as part of a broad employability and social inclusion agenda. While a significant chunk of the recent Community Initiative EQUAL is devoted to labour market (re)integration, several projects have received funding under the Adaptability pillar to upgrade the skills of incumbent workers. One example discussed in this book is the implementation of a job coaching project in Flanders.

Conclusions and policy recommendations

This chapter has sought to analyse the instruments and institutional arrangements for skills upgrading by taking an actor-oriented perspective. It was argued that the concept of assignment is central to understanding the problems of and solutions to workforce development, particularly as it represents an investment of both time and money. It was highlighted that although employers clearly have a central responsibility in initiating and financing initiatives for their staff, for various reasons they are reluctant to do so. The responsibilities are therefore shared between employers and other actors such as Workforce Development Agencies (WDAs) or intermediaries who are increasingly acting as catalysts and co-ordinators. Nonetheless, despite the creation of new actors and agencies, there is a continued need for clarification as to who should be responsible for designing and funding initiatives. With differing welfare state regimes prevailing across the OECD, it would be ill-advised to single out specific actors that may in certain countries have limited power or recognition. For example, the social partners are clearly absent from the adult education and training sphere in the United States, so that recommending their involvement would prove unrealistic under the current regime. Nonetheless, it is possible to identify a series of mechanisms and actions that can be applied at various governance levels and then be adapted to a country's current institutional set-up.

Messages for local and regional policy makers

Anticipate and analyse local skills needs

We have seen that some regions have been at the forefront of establishing dedicated information and intelligence units whose remit is to monitor labour supply and demand. These can be the result of a bottom-up approach, as was the case of the Marchmont observatory in the United Kingdom, or can in some cases be driven by the social partners, as in the case of the German Baden-Württemberg agreement. They can also be set up through funding from national governments. In 1988, legislation on decentralisation in France led to the creation of regional consultative observatories, the *Observatoires régionaux de l'emploi et de la formation* (OREF), to respond to increased information needs on skills and employment. Other regions and localities in OECD member countries are encouraged to adopt similar models. In addition to these

centres, it is indeed important for regions to provide a physical infrastructure that can bring together the main stakeholders to share expertise.

Strengthen information and communication campaigns to promote training within the workplace

Many workers are unaware of the training opportunities they are entitled to, even in countries with established legislation and institutions such as the FONGECIFs in France. As argued, social partners are the natural brokers in the workplace and their intervention undoubtedly helps raise awareness and spur adoption of a learning and training culture. Their action could be taken a step further to involve an assessment of the individual skills of all company staff, followed by the negotiation of individual training plans. Such schemes should fully take into account the particular needs and circumstances of SMEs and should provide expert advice on assessing competence and learning needs. The social partners should also help to raise awareness about the importance of workforce development and arrange for managerial staff to act as learning facilitators or mentors for others. Therefore, the experience of using union learning representatives and other brokers in the workplace is one that needs to be maintained and expanded, particularly in SMEs.

Information campaigns could of course also be conducted through postal mailings and public spaces (community halls, schools, etc.). Partnerships between the social partners, training providers and workforce intermediaries on one hand (depending on the country) and local authorities on the other should help increase awareness among workers.

Ultimately, information campaigns should have as their central aim not merely to inform, but also to motivate low-skilled workers – who are non-traditional learners – to engage in training and competence development. These campaigns should draw on innovative communication methods. For example, one effective method from a social policy perspective that has been used to promote healthy behaviour among teenagers is to have peers convey messages. One could for example envisage that workforce development agencies, in partnership with local authorities and trade unions, would "recruit" workers having successfully undergone training to tell their stories to staff employed in SMEs. Such stories could help demystify the realities of training. Likewise, with visual communication playing an increasingly important role, documentary films could be used and shown in the workplace with the consent of employers. If they are reluctant to allow screenings during normal working hours, special lunchtime seminars could be set up by the social partners or by workforce intermediaries.

Tailor the delivery of training to the target group

Instructors can also represent important role models for low-qualified workers with negative educational experiences. US workforce intermediaries such as the Jane Addams Resources Corporation (JARC) and the Regional Wisconsin Training Partnership (RWTP) provide best practice examples. These organisations prefer to recruit "fellow tradesmen" as course instructors instead of instructors with high academic qualifications. Indeed, there is strong evidence that being taught by instructors who possess the ability to convey technical skills and display respect and empathy for their fellow workers is a strong motivation factor. Similarly, the Canadian case study showed that job shadowing, whereby a tutor goes out in the field to assess how learners are applying the learning to their job, has positive effects. Education providers in other OECD countries ought to follow these examples, be prepared to consider recruiting instructors from a wider pool of candidates, and adapt their assessment methods.

Train the trainers and improve quality standards in provision

A further key issue relates to quality assurance and appropriate training standards. As the skills needs of the labour market evolve at a fast pace, the knowledge of teachers, tutors and advisers becomes quickly obsolete. These actors delivering the training are just as crucial as those brokering it. Providers are thus under constant pressure to adapt their services to meet the requirements of the market. Some of the interviews carried out as part of this study highlighted that learners placed much value on the teaching skills and methods of their tutors. In many countries the separation of higher education colleges and VET providers has often meant that the best teachers are creamed off and that the low-skilled are offered "second-best" teaching. Thus a policy of "training the trainers" is paramount to the effectiveness of upskilling initiatives. A comparative study carried out by CEDEFOP in seven European countries shows that VET teachers require a "pedagogical" as well as a "vocational update". The former consists of new pedagogical skills in line with the learner-centred approach of modern pedagogical theory and on-the-job learning techniques now being offered to trainees; the latter involves up-to-date vocational skills related to modern technologies and work practices. Crucially, it was also found that teachers need to display more awareness of the needs of business and employers together with teamworking and networking, managerial, organisational and communications skills. The study recommended *inter alia* that training should be differentiated to meet the differing needs of different categories of VET personnel as well as local needs (Cort *et al.*, 2004).

Moreover, some national measures have been taken with a view to updating provision through the introduction of training standards such as

ISO 9000. It should thus be a task for regional agencies such as WDAs to ensure that audits are carried out regularly.

Tailor the design of training programmes to the workplace

A further prerequisite concerns flexibility in offering tailor-made courses as opposed to "off-the-shelf" college courses. Employers appear to be responsive to offers of workplace-based training; careful planning should thus be conducted between employers and training providers with regard to learning arrangements. In order to recoup the cost, such strategies could consist of establishing sectoral skill clusters so as to achieve economies of scale. Here again, WDAs should be encouraged to work in partnership with local training providers to survey the needs of employers in a similar sector or travel-to-work area and deliver courses that would benefit a pool of employers. Flexible arrangements may be found to host training sessions in a community centre or college within reach of all the employers clustering in that particular area. Alternatively, employers with suitable premises may agree to host the training sessions.

Meet employers on their own ground

It was argued above that actors and organisations from various horizons (trade unions, the non-profit sector, chambers of commerce and regional economic development agencies) can leverage action for workforce development. Success crucially depends on these actors' ability to get a foot in the door of the employer's well-protected fortress. In local areas where dialogue and agreements with regard to training are still uncommon, further advocacy strategies must be developed to meet employers on their own ground. Employer "hotlines", "breakfast meetings", roadshows and local conferences all consist in inviting employers to make the step to engage in dialogue by responding to an offer. Beyond these however, more proactive measures such as direct canvassing and presence at trade events could be developed so as to present the business case for upskilling. The example of educational consultants from the Danish counties visiting firms to provide them with training solutions shows that this approach can pay off despite the fact that it requires dedicated staff. Of course the message must be accompanied with offers of tailored skills assessment, dedicated trainers, etc. since employers are not interested in the social dimension of workforce development but will adopt it if it is presented to them as a tool that can improve the competitiveness and longevity of their business (and therefore the satisfaction of their shareholders). Again, the system of peerage and marketing through "champions" recommended for employees can also apply to employers, with committed local employers spreading the message to others.

Messages for national policy makers

Make training a legitimate claim

Some authors and observers have called for an enshrined universal "right to training" in the vein similar to the right to schooling (see for example Santelmann, 2001). The possibility of introducing such a right not only across the OECD but also across the developing world would undoubtedly represent progressive politics and require profound ideological shifts. The changing demographics may make it possible to transfer some of the funding previously allocated to initial schooling towards adult education as the population is ageing within OECD member countries. Moreover, with the decline of fertility rates, fewer school children are entering the system than twenty years ago. At the same time, for such a right to be adopted, it is important that policy makers avoid "mixed messages": the discourse on lifelong learning tends to overemphasise the notion of "self-governance" *i.e.* the responsibility of individual workers for their own training. At the same time, workers are increasingly being told that they need to invest in their old age pensions and refrain from demanding wage increases. Therefore, once again, a consensus on responsibility and assignment is needed. By coupling state-administered training levies with tailor-made training packages through local mediation, employers are directly confronted to their responsibility in this area.

Target the resources towards the sectors and areas experiencing skills gaps and shortages

Once a consensus is established over the necessity to introduce or expand compulsory training levies on firms, it must be acknowledged that organisations are facing different constraints. Elements of flexibility can be built into compulsory vocational systems. In addition to reflecting the size of the payroll, the rates levied on firms could vary according to a variety of circumstances such as the sector and regional area within which they operate, so as to achieve a degree of fiscal redistribution. If countries such as Belgium and France have recently adjusted the levies to try and ensure that a higher ratio goes to loosely defined "groups at risk", occupational profiles and/or salary levels could be used as benchmarks to target redistribution. This would help correct the bias and achieve "positive discrimination" in favour of low-paid workers.

Support the action of workforce intermediaries through innovative instruments and governance processes

As they are part of the local labour market, workforce intermediaries, community colleges, workforce development agencies and regional skills alliances possess a strong awareness of the companies and sectors that need to be targeted. However, these actors invariably lack resources. The scope of

their action is thus considerably reduced as their efforts and time are spent seeking to leverage funding through private donations instead of implementing policy. It is crucial that national/federal or regional/state authorities do not view workforce intermediaries as a "dumping ground" but rather as partners whose action they can support in two ways: by providing funding as exemplified by the MiRSAs or the SSDAs, and also by providing tools that such smaller organisations do not have the capacity to develop themselves, as the Canadian government has done with the Essential Skills framework. This latter example shows that policy makers can work towards *combining novel instruments and governance mechanisms*.

Develop multifaceted analytical frameworks for the measurement of skills

Reliable and comparable information on the supply of and demand for adult skills and competencies is undoubtedly a prerequisite for the formulation of appropriate policies at all levels. The argument is often made that investment in productivity-enhancing skills remains an empty phrase without a clear consensus on the exact nature of qualifications and skills to develop. There have been long-standing controversies surrounding the appropriateness of internationally standardised educational credentials (ISCED) and other educational standards for the measurement of cognitive skills. Most economists have tended to regard these frameworks as "useful and appropriate" (Steedman and McIntosh, 2001) as they provide a means for *ranking* skill levels. Likewise, the OECD International Adult Literacy Survey (IALS) carried out between 1994 and 1998 and the more recent Adult Literacy and Life Skills Survey (ALL) are chiefly concerned with quantifying *literacy levels*. A new framework for the measurement of competencies known as the Programme for the International Assessment of Adult Competencies (PIAAC) is currently being developed by the OECD (2004b). The new framework is considering the testing of generic skills through a "job requirement assessment method" similar to that used in the UK Skills Surveys of 1997 and 2001. It is however unlikely that this methodology will bring advances in capturing the *processes* of skills acquisition by individuals through contextual and tacit learning.

Notwithstanding the usefulness of quantitative proxies for international comparisons, once again it is important to bear in mind that skills are not a static phenomenon purely embodied in individuals – as is the case for qualifications – but rather a dynamic one formed through communication and interpersonal relationships. Recognition that skills are in constant evolution and endogenous to the workplace requires a shifting of attention to interactive collective behaviour, as stressed by theoreticians of the "learning organisation". Beyond the measurement and analysis of educational proxies,

literacy and numeracy skills, the contextual analysis devised by a scientific discipline known as ergonomics captures the application of discrete tasks. For example, the ability to adapt one's behaviour (*e.g.* communication with colleagues or customers) according to changing work-related environments or to respond to stress cannot be captured by strictly quantitative methods. This is all the more important as work organisation is characterised by varying workplace cultures. For example, public sector employers may not value the same set of skills as private sector employers, which implies that the interaction of workers with their immediate day-to-day environment should receive particular attention. Thus the qualitative methodologies of ethnography and participant observation would fill gaps that otherwise restrict the analysis to ISCED or IALS data. Social scientists such as anthropologists, sociologists and organisational psychologists – whose knowledge and skills are often undervalued by policy makers – may thus have a valuable contribution to bring to the analysis of future skills requirements.

Therefore, as a complement to the measurement of skills by international and national agencies based on employer surveys and panel data, the development of in-depth participant observation of skills in selected workplaces would be welcome. Local and regional actors would have a role to play in channelling resources and commissioning such assessments, as well as in disseminating findings.

Encourage transnational policy learning through new participatory and sharing methods

While analysts in the field of comparative policy studies invariably warn that the wholesale transfer of initiatives out of their initial institutional context would be unrealistic, there is evidence that pilots and measures adopted in one country can trigger innovation abroad and that new models can be successfully developed and applied to fit local needs. For example, the *Investors in People* standard originally developed in the United Kingdom has been successfully introduced in Belgium. By the same token, there is also evidence that the Danish job rotation model has recently been applied in the United Kingdom and Germany under the EQUAL European Community initiative.[23] For example, the Sapiens Network, a transnational partnership led by the aforementioned Job-rotation International Association, has developed a job rotation programme through Theme E of EQUAL with a view to upgrading the skills of existing workers. While the German partners are adopting long-term job rotation programmes operating in Denmark and using one-to-one training methods, the timing has been drastically reduced in the United Kingdom to one full week or one-day releases. This version of job rotation was applied in recognition that the notion of "substitute worker" would be difficult

to import in the United Kingdom, where the current regime of welfare retrenchment does not allow for a long-term approach.

This evidence suggests that it is necessary to invest more funding and effort into the monitoring and evaluation of training practices and into forums, conferences and other events that allow actors to come together and share their experiences. The European Commission's *Jobs, Jobs, Jobs* report found that for dissemination and mutual learning to be reinforced, it would be necessary to promote "a culture change to create an environment where government and enterprises see themselves as learning organisations open to good ideas from others and keen on sharing best practice" (2003, page 59). In line with this view, it could be suggested that a wider set of actors be invited "at the table" so that a fuller and more comprehensive range of individual experiences can be fed back to national and supranational organisations. This would imply inviting more independent researchers, consultants, practitioners and adult workers to exchange views with international civil servants at official international forums and conferences.

Finally, as the world wide web has no doubt become the major place from which information can be sourced, some of the budgets devoted to research and monitoring could be set aside for the creation and maintenance of databases providing qualitative information on training practices (possibly organised by sector or occupation) across the OECD. Such databases could be compiled by non-profit organisations and be made available online, therefore facilitating transnational learning.

Educational opportunities for future generations

This book is chiefly concerned with the territorial application of a specific type of initiative located within the broader realm of ALMP, CET and lifelong learning. It should therefore be recognised that the discussion only represents a modest piece of the complex jigsaw. Individual policy areas such as skills formation and workforce development cannot be isolated from a much broader set of social, economic and political issues. This means that even targeted local and regional efforts may have limited impact in the absence of broader reforms. Until the 1990s, education and labour market policies were treated separately under the premise that individual life trajectories and transitions were stable and linear. The major labour market transitions effected by individuals were first from school to work and then from work to retirement. In the meantime, the multiplication of employment ruptures has shifted attention to the concept of "life course transitions", with some observers calling for the adoption of "transitional labour markets" that facilitate mobility between various statuses such as non-work, employment, training and education (Schmidt and Gazier, 2002).

In turn, the OECD PISA study has demonstrated that in many countries the current educational systems are failing to provide young people with solid educational foundations and basic skills. Hence it is important to combat early school leaving and to ensure that school curricula and guidance mechanisms are carefully redesigned so that future cohorts of young people make their way through the education system and enter the labour market equipped with the skills demanded by employers. This would make remedial training for adult workers obsolete. Of course, as the social and economic system further evolves, future jobs and careers will undoubtedly differ significantly from those that currently prevail. Thus the skills that will be required in a few decades must already be carefully anticipated through greater spending on research, evaluation and prospective studies of changing jobs and occupational profiles.

In addition, beyond the normative drive to adapt the supply of skills to the labour market, it may be worth reminding ourselves that generating more flexible educational methods and learning environments is in itself a valuable emancipatory objective. From the perspective of the individual, beyond the strictly utilitarian value of improving cognitive skills to increase one's labour market position as suggested by human capital theory since Gary Becker, there is also an affective dimension to the drive to learn (Gourdon-Monfrais, 2000). Forward-thinking educationalists and psychologists such as Maria Montessori and Françoise Dolto have showed that the very skills and competencies that are demanded by employers, *e.g.* curiosity, creativity, motivation, confidence, concentration and the like, are triggered by early childhood experiences.[24] Recalling the significance of early childhood puts what can be done in perspective. While policy makers can adjust training and learning frameworks, it is individuals who produce (and reproduce) their and their children's stories. Institutions such as the state, the firm and the school can be reformed by policy makers, but less can be said of the family, despite recent attempts by some governments to promote "good parenting". A "bad practice" would be to resort to the "*learnfare*" system put it place in the United States, which seeks to "punish" parents for their children's lack of school attendance through a reduction in welfare benefits. Such methods do little to develop positive messages about the value of education and learning. In contrast, disadvantaged families from poor neighbourhoods should be offered vouchers and other financial incentives for their children to take advantage of extracurricular activities provided by voluntary sector associations. Of course, here also, governments need to redirect their spending to help fund quality educational provision in disadvantaged areas. Unless schools, universities and educational institutions succeed at reinventing themselves to become more inclusive and prepare future generations for the world of work, all efforts to upgrade the skills of low-qualified workers will be in vain.

Notes

1. This was identified as one of the key social policy challenges at the meeting of the OECD Social Affairs Ministers (31 March-1 April 2005). Arguably, the emphasis on "welfare-in-work" implicitly recognises that despite having succeeded in reducing aggregate unemployment, welfare-to-work programmes have been characterised by short-termism, resulting in churning and recycling through the labour market. These approaches have thus failed to improve the long-term situation of the low-skilled.
2. SULQ research reports and grids (unpublished).
3. The UK ESRC Programme on the Future of Work was launched in 1998. It supported 27 research projects in 22 universities. See *www.leeds.ac.uk/esrcfutureofwork/*.
4. Additional sources of information were drawn from, *inter alia*, the Skills-upgrading Conference held in Copenhagen on 18 June 2004 and the OECD's Thematic Review of Adult Learning (2003b; 2005a).
5. The 1971 law was amended on 4 May 2004 and the original rate for companies with more than ten employees adjusted from 1.5%. Prior to January 2005, the rate for firms with less than ten employees was 0.40%.
6. Annie Fouquet [Director of the French Ministry for Employment, Social Cohesion and Housing's Direction de l'animation de la recherche des études et de la statistique, DARES] (2004), paper given at the OECD-LEED Conference: "Rising Expectations: Upgrading the Skills of the Low-Qualified", Copenhagen, 18 June.
7. There are 18 ETP pilot areas (from the three pilot phases) in operation as of September 2004. Two of those offered a wage compensation of up to 150%, one offered none, and all the others offered 110% or 130%. See Hillage *et al.*, 2004.
8. Web site: *www.fongecif.com*.
9. See *www.ilawales.com* and *www.ilascotland.org.uk*.
10. NVQ is the system of formal accreditation used in the United Kingdom.
11. Public expenditure on training varies considerably across countries. In the EU, it ranges from 8.5% in Denmark to 3.5% in Greece.
12. Renaat Landuyt, who was Minister of Labour in the Flemish government between 1999 and 2004.
13. Web site: *http://cove.lsc.gov.uk*.
14. Web site *www.ssda.org.uk*.
15. Web site: *http://app.wda.gov.sg*.
16. Learning and Skills Council Annual Report 2003-2004, Coventry. Available at *www.lsc.gov.uk*.
17. Anita Flores, paper delivered at the OECD LEED Conference "Rising Expectations: Upgrading the Skills of the Low-Qualified", Copenhagen, 18 June 2004.
18. Web site: *www.marchmont.ac.uk/*.
19. Web site: *www.netg.co.uk/*.
20. Web site: *www.michigan.gov/rsa*.
21. CEDEFOP, a European Agency established in 1975, helps promote and develop vocational education and training in the European Union. See *www.cedefop.eu.int*.

22. The UNESCO-UNEVOC Network consists of more than 220 specialised centres across more than 150 UNESCO member states. It provides a platform for the sharing of knowledge and experiences regarding all aspects of technical and vocational education and training (TVET). In 2002, UNESCO-UNEVOC opened an international centre in Bonn, Germany to provide technical support to the network.

23. More information the Sapiens Network can be found at *www.eu-jobrotation.org*.

24. See for example, Lee Gutek, G. and M. Montessori (2004), *The Montessori Method: The Origins of an Educational Innovation*, Rowman and Littlefield Publishers; Dolto, F. (1985), *La Cause des Enfants*, Robert Laffont, Paris.

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Chapter 3

Education and Training for the Low-skilled in Denmark: Linking Public Policy to Workplace Needs and Practice

by
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This chapter identifies the preconditions and characteristics of successful education and training initiatives targeting low-skilled workers. Drawing on case studies of three Danish enterprises, it illustrates the circumstances and modalities for introducing competence development strategies in the workplace. The chapter begins with an overview of recent Danish policy developments in the field of adult vocational education and training. It then presents a regional focus – the role of regional labour market councils is examined. The experiences and outcomes of the three selected private sector companies located in the Storstrøm region leads to the conclusion that the initial barriers faced by employers and low-skilled workers, and the resulting inertia, can be successfully overcome through a combination of preconditions and a well-devised strategy of educational planning.

Introduction

Denmark has a long-standing tradition of adult education and training policy. The country benefits from a well-developed educational system, which – compared with those of other member countries of the OECD – is well resourced and supplies a wide range of education and training options. Those two basic features provide a favourable environment for upgrading the skills and competencies of low-skilled adult workers.

Recent years have witnessed a strong national policy emphasis on education and training for low-skilled workers, illustrated for example by the Ministry of Education's *Handlingsplan for udvikling af kortuddannedes kompetencer* (Action Plan for Development of Competencies of the Low-Qualified), published in February 2003. The largest Danish trade unions for low-qualified workers – SiD (General Workers' Union in Denmark) and *Kvindeligt Arbejderforbund* (KAD, Women Workers' Union in Denmark) – have endorsed the action plan, and there is general political consensus regarding the importance of this policy issue.

While the political initiatives have aimed at ensuring the availability of a wide range of training courses, it is here proposed to redirect the focus towards the workplace so as to explore the necessary preconditions for the implementation of these initiatives.

This chapter draws on the case studies of three enterprises, which have all introduced education and training measures for their low-qualified employees. The initiatives implemented in those enterprises illustrate the circumstances and modalities needed for introducing competence development strategies. They serve as best practice examples of successful co-operation between management, employees, unions and educational institutions.

Through these examples, the chapter seeks to shed light on the processes through which training outcomes have been reached. The aim has been to isolate from the empirical evidence a number of preconditions of successful education and training, so as to provide ideas and inspiration for international comparisons.

The first section discusses the Danish labour market and adult education system, focusing on recent developments and training initiatives targeting low-skilled workers. It illustrates the political focus on skills upgrading

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initiatives and explores the role of regional labour market councils in the context of decentralised policies. The second section provides a brief presentation of the regional labour market in Storstrøm. This is followed by a section on workplace practices in selected case study enterprises.[1] The following section presents evidence of what "works". Drawing on interviews with employees and managers of the three enterprises, as well as with representatives from trade unions and educational institutions, the section critically examines the constraints and opportunities for developing training initiatives at company level, looks into the process of implementing a successful training strategy and discusses its outcomes. The closing section draws attention to some general points and makes tentative policy recommendations.

The national policy context

In Denmark, both employed and unemployed adults have access to the publicly funded adult educational system. Although the adult vocational training system (AMU) is primarily designed for low-skilled and skilled adults in employment, the unemployed also have access or may be referred. Employees are enrolled in vocational training courses mainly by their employers; in contrast, in the case of unemployed adults, training is initiated by municipalities or the public employment service, known as "AF".

A continuing focus on upgrading qualifications through education and training

Since the late 1970s, activation programmes have become a permanent feature of the labour market policy framework designed to help the long-term unemployed (Torfing, 1999). From 1988, the emphasis was on targeted initiatives to upgrade qualifications, together with stricter eligibility requirements for people in receipt of unemployment benefits.

From the early 1990s, this policy framework was progressively redesigned (Danish Ministry of Employment, n.d.a). In 1995, a major reform known as "the overhaul" paved the way for significant change (Danish Ministry of Employment, n.d.b.). In 1996, the right and duty to take part in active measures were enforced and special youth measures were introduced. From the late 1990s, the principles of right and duty inherent in the welfare-to-work agenda were further reinforced (Rosdahl and Weise, 2001). This policy trend is illustrated by the government's paper of February 2004, *Noget for noget* (literally, "Give and get"). The publication underlines the need to reward the people and enterprises that demonstrate willingness and to punish those that deliberately are not trying to do their best.

Labour market reforms have sought to reduce structural problems by means other than reductions in unemployment benefits. Compared to those in other OECD countries, the labour market in Denmark is relatively "flexible" since enterprises have few obligations and very low costs related to the recruitment and dismissal of workers (Andersen and Torfing, 2002). The extensive coverage of the country's unemployment benefit system can be seen as a means of compensating for these liberal rules.

A specific feature of adult education and training policies in Denmark is the focus on competence development to promote employment and economic growth. Importantly, the public system for both mainstream vocational training and adult education operates under the strong influence of the social partners (unions and employers' associations). Moreover, Denmark has embraced the concept of lifelong learning, so that adult training and education programmes are targeted at the workforce in general and not solely at the unemployed.

The policy focus of the early 1990s on high unemployment has recently shifted to a focus on education and training for all within a lifelong learning perspective. Several reforms have promoted access to and provision of general and vocational education training for adults, and these were accompanied by increased public funding.

The system of competence development and vocational training known as AMU has been in place for over forty years. It was modernised several times during the 1990s with a view to offering more flexible provision and use of adult education and training. Closer linkages between the mainstream educational system and that of adult education and training have been promoted, notably through mutual recognition of academic and training credentials and through a common trend towards market-oriented, flexible approaches to teaching and learning. The transfer of responsibility for AMU from the Ministry of Employment to the Ministry of Education in November 2001 can be seen as a clear indicator of this development. At the same time, efforts have been made to strengthen the complementarity of adult vocational education and training and to make their content more transparent, as exemplified by the development of the adult further education system.

Recent policy developments in adult vocational education and training

The 1990s have been characterised by increased provision of vocational education and training to adults at all levels. The adult education reform that took effect from 1 January 2001 was the result of an effort to turn adult learning into a single, coherent and transparent system. The ministries responsible for adult education and training in Denmark – those of education

and labour – co-operated in drawing up this proposal (Danish Technological Institute, 2001).

The reform gave the public sector major responsibility for ensuring a relevant supply of adult education and training for all. In lending coherence to the overall framework, policy makers aimed to achieve both excellence and relevance for individuals, enterprises and society.

The main goal of the reform was to provide all adults with access to lifelong learning opportunities. In addition, it sought to focus attention on adults with low educational and skill levels, and to ensure better utilisation of resources.

Two new programmes specifically targeting the low-skilled were introduced in Denmark under the act: Preparatory Adult Education (FVU) and Basic Adult Education (GVU). The latter is part of the adult education system, which also includes three advanced levels of further education.

At the same time, the government emphasised the importance of a demand-driven supply, so that education and training would be in line with the actual needs of individuals and enterprises. In order to promote that supply, several tools were introduced: user fees, grants, activity ceilings and options for reducing allowances.

Moreover, the reform promotes recognition of prior learning as it specifically relates to "soft" skills gained through work experience and participation in continuing training. These are formally credited when individuals enter vocational education and training programmes.

More attention was also given to the need to provide programmes and training activities related to the participants' daily tasks and to ensure that in addition to vocational credentials, education and training courses would help individuals acquire general and basic qualifications and satisfy individual learning objectives.

At the time of the reform, a debate arose concerning the financing of adult education and training through both private enterprises and learners (Danish Technological Institute, 2001). Since 2000, beneficiaries (individuals or enterprises) are required to contribute to the cost of learning for certain types of adult courses and training programmes.

The government launched its action plan *Better Education* in June 2002 (2002a). This initiative emphasises adult education and further training, together with the need to strengthen proficiency and competence to levels that will help individuals keep up with the global knowledge society. It suggests that this objective can be achieved by making the continuing vocational training (CVT) programmes more flexible and transparent and by

building bridges between what is learned in the classroom and what is learned within the workplace.

Heightened awareness of the need to target training tools and measures more specifically at low-skilled workers is illustrated by the government's action plan of February 2003, *Handlingsplan for ufaglærtes kompetenceudvikling* (Action Plan for Unskilled Workers' Competence Development). This governmental paper, which complements the aforementioned *Handlingsplan* by the education ministry, argues that if workers are to retain their jobs and progress within a competitive labour market, they need to acquire more competences in all job functions (Danish Ministry of Education, n.d.a.).

The adult educational system today

The two new systems mentioned above, the FVU and the GVU, have been integrated into the existing framework (Figure 3.1). Adult education is divided into two categories of programmes: 1) general adult education and 2) the vocationally oriented adult education and training programmes.

General adult education

Preparatory Adult Education (FVU) was introduced in 2001 with the aim of offering basic literacy and numeracy skills to adult learners. To a large extent this initiative was prompted by the results of the OECD SIALS survey, which indicate that approximately 1 million adult Danes had reading skills which could be regarded as insufficient in relation to the demands of the knowledge society (Jensen *et al*. 2000; OECD, 2000).

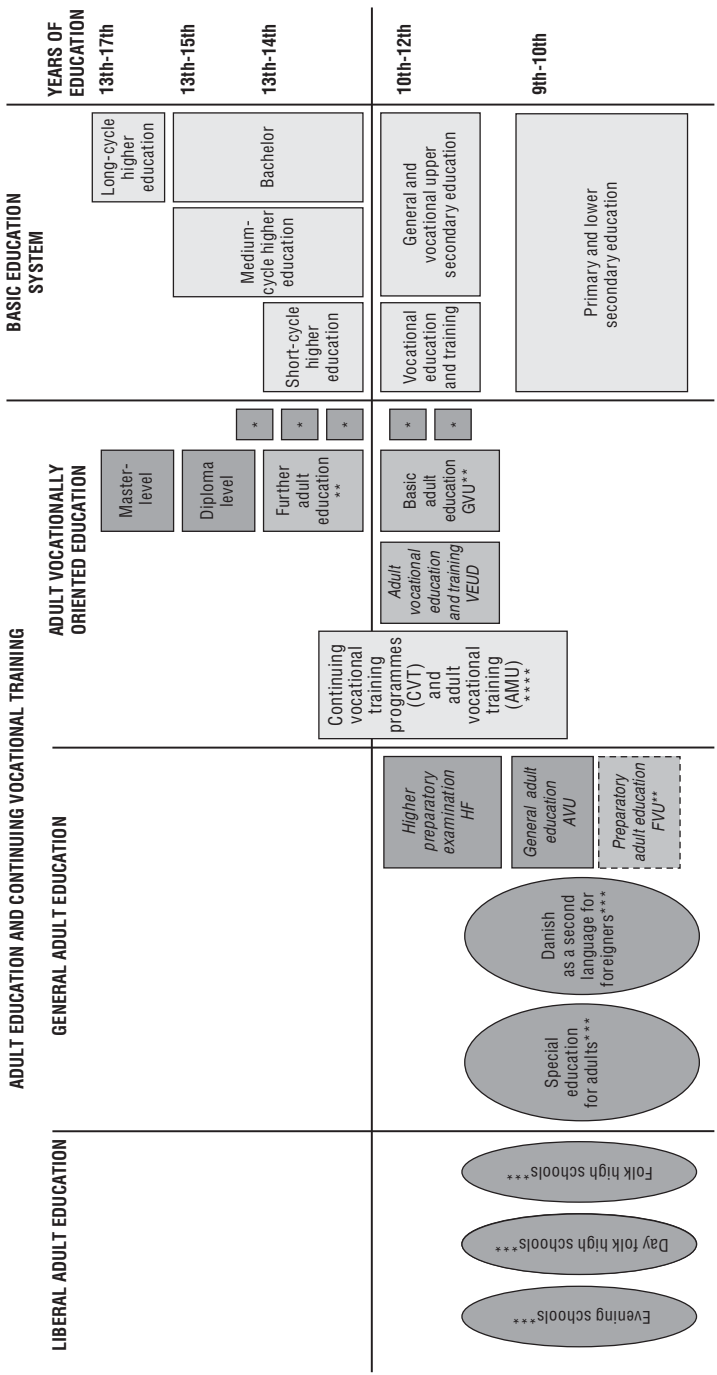
Under FVU, people aged over 18 are entitled to take part in courses to improve and supplement their basic skills in reading, spelling and written presentation as well as in numeracy. The underlying rationale is to prepare adults for their working lives or participation in further education and training. Courses in both Danish and mathematics are divided into different levels, each of which concludes with an examination taken on a voluntary basis.

The tuition is organised to facilitate scheduling in the daily lives of participants. The county councils are responsible for the provision of FVU, either in their own adult education centres (VUC) or in other educational establishments. The activities may also take place at the workplace.

At lower secondary level, there is an offer of independent single courses for adults preparing for an examination at the basic school level (AVU).[2] Today, these courses are offered at the VUC. There, and at upper secondary schools, it is also possible to participate in single subject courses leading to the Higher Preparatory Examination (HF), which corresponds to general adult education at upper secondary level. These courses are equivalent to those offered in initial upper secondary education for young people. Other educational offers

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Figure 3.1. **Denmark's education and training system**



Note: The drawing only shows levels, not extent of activities.
* Open education outside the general system.
** Introduced 2001 as part of the Adult Education Reform.
*** The level cannot be indicated precisely.
**** Only this education level refers to the Ministry of Labour; the others refer to the Ministry of Education.

in this system are Danish as a second language for foreigners and special teaching for the disabled.

Adult Vocational Training

Adult Vocational Training (AMU) programmes have existed since the late 1950s. Of course, the system has evolved to reflect economic restructuring processes: from an agricultural economy, Denmark has turned into a more service- and knowledge-intensive economy (see, for example, Plougmann, 2003).

The AMU programmes serve a triple purpose:

- To provide, maintain and improve the vocational skills of participants in accordance with the needs of enterprises, the labour market and individuals, and in line with technological and societal developments.
- To solve labour market restructuring and adaptation problems in the short term.
- To contribute to a general upskilling in the labour market in the long term.

AMU plays a central role in the national policy for lifelong learning. It has also an important role as an instrument to help the low-skilled acquire formal VET qualification. Its courses allow adults to transfer credit to an initial VET programme equalling a VET single subject course. This renders study and training pathways for adults more flexible.

AMU is mainly designed for unskilled and low-skilled people and offers the participant qualifications on three levels: specific, general and personal. Ongoing development of the system allows training to address the needs of enterprises and individuals.

In 2003, the Danish parliament passed an act on adult vocational training that came into force on 1 January 2004. The act contains a revised concept of training that departs from a former emphasis on individual programmes and refocuses on competences in the labour market (Danish Ministry of Education, 2004). It introduces a new qualification framework that offers enterprises and employees a much more transparent and flexible as well as better co-ordinated supply of vocational training. The reform is closely related to the action plan of "Better Education", as it supports the government's objectives of strengthening professionalism, flexibility, and innovation.

A related objective of the act has been to harmonise the forms of description used in vocational education and training and in the adult vocational training programmes. Thus, 150 common competence streams describing recognisable job functions in the labour market are replacing the 2 500 labour market training plans that existed previously. The objective is to make the process more goal oriented and give the participant training with a clear job function to aim for on the labour market. The descriptions will provide enterprises and

employees with a good basis for entering into a dialogue about the need for the specific competence development, both in the short and longer terms.

Basic Adult Education (GVU) – the first level of the adult education system

There are two ways in which an unskilled worker can reach a status of skilled worker with a complete VET diploma. The first model – the adult VET, introduced in 1992 – is offered to adults aged over 25. As with the initial VET programme, an apprenticeship contract with an employer is needed. The other model is the basic adult education programme (GVU), introduced in 2001 as part of adult education reform.

The GVU was established as a new option that gives adults an opportunity to obtain – without an apprenticeship – the same level of education and the same professional competencies in a specific trade as they would have obtained through initial vocational education and training. This model combines job experience with individually tailored courses, and leads to a full accreditation of vocational education.

The basic adult education is not an entirely new one, but a reorganisation of the already existing vocationally oriented programmes and courses at upper secondary level and in adult vocational training. In this model, the AMU courses that count towards a VET programme play an important role as part of the individual study and training plan.

As a precondition the adult candidate must be at least 25 years old, must have at least two years of relevant work experience, and must attend an interview for an assessment of his or her vocational and general competences.

The qualification is the same as for the formal vocational education and training for young people. Adults who complete a GVU programme pass the same final examinations as young people in general education, but a GVU programme is organised in a more flexible manner. The actual content of the programme will depend on the adult participant's practical work experience as well as qualifications attained through completing various courses. Students will not be liable for tuition fees.

The further education programmes at the three advanced levels are special education programmes for adults. As with the basic adult education level, relevant work experience is one of the entrance requirements but not credited toward the further education programme. The three advanced levels are comparable to the three levels in the mainstream education system.

Access to and financing of adult learning

Under present legislation, there is a genuine right of free access for individuals regardless of age in the general adult education system, at both lower and upper secondary level.

Most vocationally oriented adult education and training programmes at VET level and further/higher education level have what is called "free intake". This means that the institution is free to grant access to all qualified students within the limits of its physical and economic capacity (buildings, staff, etc.). There are limitations to this principle, mainly according to the relationship between actual demand and annual budgets (Danish Ministry of Education, n.d.b.).

Financing of continuing and advanced education and training is considered a public responsibility in Denmark. The regional authorities finance the preparatory and general adult education either in full (with a small administrative fee) or partially in certain subject areas at lower and upper secondary level. In the latter case a small user payment is required (Danish Ministry of Education, n.d.b.).

As far as VET and CVT courses for adults are concerned, the state formerly financed this provision either in full or partially with a user payment. In 2002, amendments to the legislation introduced the requirement of supplementing state financing with user payment. For adult education at advanced levels, state funding continues to be supplemented by user payment. In practice, user fees at the advanced levels tend to be adjusted to the level of education pursued.

A further aspect that is considered a public responsibility is to ensure that adults are not prevented from participating in full-time qualifying education and training programmes (or even part-time training programmes for those with a low level of educational attainment). According to the present legislation, participants in continuing and advanced education and training programmes may receive state grants to cover their costs of living. Support corresponds to the maximum level of unemployment benefit for participation in a full-time education and training programme on certain conditions.

Action plan for unskilled workers' competence development

As noted above, the action plan published by the government in February 2003, *Handlingsplan for ufaglærtes kompetenceudvikling* (Action Plan for Unskilled Workers' Competence Development), is a further noteworthy measure in favour of the low-skilled.

The action plan can be seen as a continuation of the government's papers *Better Education* (June 2002) and *More People in Employment* (September 2002) (Danish Ministry of Employment, 2002). These publications stressed that the

Table 3.1. **Public expenditure on adult education and training, 1993-2001**

	1993	1994	1995	1996	1997	1998	1999	2000	2001
	DKK billion (2001 prices)								
Total	5.840	6.326	7.045	7.304	7.520	8.202	7.286	6.305	6.453
Day folk high schools	368.9	466.0	656.2	601.7	735.1	772.2	526.7	434.1	415.0
AMU	1 749.8	1 910.9	1 968.6	1 905.0	2 054.0	2 487.5	1 995.8	1 356.2	1 376.7
Folk high schools	662.6	667.7	678.2	644.5	621.3	570.6	565.0	552.9	513.7
VUC	1 003.3	1 061.7	1 129.3	1 134.6	1 176.0	1 208.3	1 209.3	1 020.2	987.4
Open education	499.6	586.2	963.9	1 118.9	1 004.3	1 151.6	754.7	684.9	756.6
VEUD	–	24.0	21.4	10.3	10.7	18.4	26.2	24.7	22.1
Home economics and textile design schools	92.0	95.7	92.6	90.9	81.0	74.7	79.0	82.1	80.2
Danish as a second language	345.9	387.7	442.7	647.6	665.0	718.2	876.9	923.5	1 047.5
Special education for adults[1]	586.3	589.4	583.0	598.6	603.6	637.7	692.6	*692.6*	*692.6*
Reading courses for adults (FVU)	–	–	–	21.7	30.1	34.7	33.8	12.6	40.0
Evening schools (liberal adult edu. act)[1]	532.0	537.1	509.7	509.9	507.9	493.2	498.1	*498.1*	*498.1*
DK Maritime Authority courses	–	–	–	–	–	7.0	5.1	5.3	4.6
Min. of Cultural Affairs courses[2]	–	–	–	20.8	19.9	18.3	18.1	*14.6*	14.6
Courses for farmers	–	–	–	–	11.1	9.6	4.9	3.4	4.2

1. No data are available for 2000 and 2001. 1999 data are used.
2. No data are available for 2000. 2001 data are used.

Source: Ministry of Education.

demographic decline made upgrading the skills and qualifications of the labour force highly necessary through better activation and job placement activities. While the unemployed were the major target group, achieving the government's goal of bringing more people into employment by 2010 meant retaining incumbent workers on the labour market. The conclusion, formed on the basis of data, shows that there are relatively more unskilled workers than skilled workers outside the labour force; that the risk of becoming unemployed is greater for unskilled than skilled workers; and that just over a third of the participants in adult vocational training are unskilled workers.

Therefore, in their action plan of 2003, policy makers have emphasised the necessity of retaining unskilled workers in their jobs. It is argued that because knowledge content and the need for job-related and social competencies are increasing in all job functions, special attention must be

given to competence development for the unskilled. They must be given the opportunity to acquire the qualifications and competencies needed on a rapidly changing labour market.

The Action Plan for Unskilled Workers' Competence Development also emphasised that the transfer of AMU from the Ministry of Employment to the Ministry of Education has created a strong basis for action favouring unskilled workers. In doing so, it also strengthens the focus on the connection between the different education programmes.

The plan centres on five priority areas for fighting obstacles to competence development of unskilled workers: these are 1) transparent information and guidance, 2) recognition of prior learning in the education system, 3) coherence in general guidance, 4) interaction between educational programmes, educational establishments and enterprises, and 5) Danish language and reading lessons. In the first three areas policy makers have sought to improve definitions and implement solutions to some degree, while concrete proposals for new initiatives have been made regarding the last two priorities. The action plan thus illustrates work in progress and the themes accorded priority under the current Ministry of Education.

Regional labour market and skills needs: a case-study from Storstrøm

The Storstrøm region comprises the southern part of Sealand and the islands Lolland and Falster. There are notable regional differences: generally speaking, the northern part of the region is more economically buoyant than the southern part. Lolland is characterised by a decline in population, the labour force and employment levels, while East Sealand and the Næstved area have experienced opposite trends.

Population

Storstrøm has a population of around 260 000 persons. Compared with the rest of Denmark, the proportion of elderly is relatively large: 24% is above the age of 60 (which compares to 20% nationally). As a result, the share of old age pensioners and recipients of voluntary early retirement pay is relatively large. The age composition of the population and the share of people receiving transfer income mainly explain the combination of a general population increase and a decline in the labour force. In 2001 the activity rate, *i.e.* the proportion of those aged 16 to 66 in the population who are in the labour force, was approximately 74% in Storstrøm compared to 78% nationally. After a period with falling unemployment from 1995 to 2001, recent years have been marked by an increase in unemployment rates (see Table 3.4).

Figure 3.2. **Map of Denmark showing Storstrøm**



Source: www.kms.dk.

Table 3.2. **Population, 1990, 1995 and 2001**

	1990	1995	2001
Storstrøm region	256 912	256 562	259 691
Whole country	5 135 409	5 215 718	5 349 212

Source: Statistics Denmark.

Table 3.3. **Labour force trends, 1990, 1995 and 2001**

	1990		1995		2001	
	Actual	Index	Actual	Index	Actual	Index
Storstrøm region	132 965	100	129 766	98	126 994	96
Whole country	2 793 809	100	2 796 235	100	2 799 958	100

Source: Statistics Denmark.

Table 3.4. **Unemployment rates**

	1996	1997	1998	1999	2000	2001	2002	2003
Denmark	8.9	7.9	6.6	5.7	5.4	5.2	5.2	6.1
Storstrøm	10.6	9.7	8.3	7.4	6.6	6.5	6.2	6.7

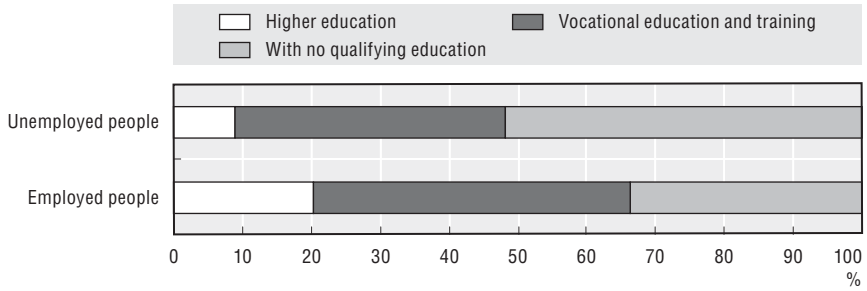
Source: Statistics Denmark.

Educational levels

The educational level of the population is lower in Storstrøm: the proportion without qualifications is relatively higher and the proportion with higher education is relatively lower than in the rest of the country.

Moreover, educational levels are significantly lower among unemployed people than among those in employment (see Figure 3.3). One-third of the regional workforce lack qualifications. The need for initiatives to retain these people in employment is thus particularly acute.

Figure 3.3. **Educational level of the employed and the unemployed in the Storstrøm region, 2002**



Source: Public Employment Service (AF) of the Storstrøm region.

Regional labour market policy

With a relatively larger share of individuals lacking qualifications and an overall lower educational level than in the rest of the country, the focus on the low-skilled is very relevant in Storstrøm.

Recent studies in the field of labour market policy have underlined that the interaction between central and decentralised decision makers is a crucial factor in effective delivery of policies (see for example OECD, 2003). At regional level, specific initiatives evolve rapidly and are implemented in close relation to the current labour market situation and within the targets and economic framework defined by the Danish parliament at the national level.

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Among the important actors on the regional scene are the Regional Labour Market Councils (*regionale arbejdsmarkedsråd* – RAR). They have the power to lay down the priorities of the policy initiatives based on the specific regional situation, so that the content of labour market policy is determined as closely as possible to the needs of the enterprises and the unemployed. These Councils are composed of local representatives of the social partners and local authorities. They assist in setting priorities for the tasks of the regional public employment service as well as setting regional targets and result requirements. They also monitor labour market policy initiatives in the regions.

Thus, the process of labour market policy is established in a ongoing dialogue and interaction between the central level on the one hand, *i.e.* the Minister of Labour, the National Labour Market Authority and the National Labour Market Council, and the regional level on the other, *i.e.* the Labour Market Councils and the Public Employment Service. This creates a balance between central and regional aims and targets. At the same time it secures the involvement of the social partners and the central and local authorities in policy making and thus helps to ensure the implementation of policies (Hendeliowitz, 2003).

A strong objective is to encourage a unity in education and training efforts and coherence between education and employment possibilities, and thus accommodate educational and training policy, the demands of qualifications of the labour market, and individual skills and needs.

Since local vacancies for the low-educated are expected to decline, the RAR have decided that approximately half of the active labour market policy programmes initiated by the public employment service in Storstrøm must be devoted to education and training.

The councils have different ways of addressing re-entry of the unemployed into the labour market. First of all there are different types of training and education programmes, but since the main focus is always to provide the shortest route into employment, their duration will often be limited to a few months. The RAR also give priority to adult apprenticeship agreements between AF and local employers. Skills upgrading can involve job experience in private or public companies. The Labour Councils focus sharply on private job training, since this instrument is felt to have the greatest impact on employment.

Next to these different models for the unemployed, the Regional Labour Market Councils can also finance job rotation programmes, in which the employees of a company are given leave from work to receive supplementary training during a fixed period. Meanwhile, unemployed people who have received training to be able to replace the employees perform the work in the company.

Lastly, the RAR may also finance education and training planning in companies. They have for example financed an initiative where a person from the industrial sector contacted companies in the building and construction industry with a view to evaluating the need for supplementary education and training of the employees in co-operation with the employer.

Storstrøm is – like the rest of Denmark – eligible for support under the European Social Fund Objective 3. It is considered important that the social fund activities support and further develop regional employment policies. The Regional Social Fund Plan in Storstrøm has therefore given priority to activities aimed at the same groups of unemployed people targeted by the RAR. In addition to the unemployed, the Social Fund activities also focus on people in employment and students in the education and training system. A regional social fund committee has been set up which is composed of representatives of the local Council, the local authorities and the Regional Labour Market Council. In 2003, the amount allocated to the regional social fund committee in the Storstrøm region reached DKK 21 million (EUR 2.8 million).

Regional educational policy

In the area of General Education, the Adult Education Centres (VUC) of the Storstrøm region offer many general education programmes (Hendeliowitz, 2003). The Storstrøm Regional Council determines the financial framework of VUC-Storstrøm. At the same time, a Central Council has been established to function as VUC-Storstrøm's "board". The Central Council determines, among other things, the budget and teaching activities. Its members are elected by the Storstrøm Regional Council, the Regional Association of Local Authorities and the social partners in trade and industry, among others.

Vocational schools are independent institutions and the amount they are granted by the Ministry of Education depends on the level of activity. They receive taximeter financing that is based on the number of full-year apprentices, and is thus highly output-oriented. In addition to the purely activity-related taximeter grants, the educational establishments also receive a basic grant to cover certain operating costs not related to the activity.

Vocational schools and adult vocational training centres are managed by a board that has overall responsibility for the operations and activities of the institutions. The board is therefore responsible for the teaching, education and training activities provided by the institution according to its objective. The board is primarily composed of representatives of the social partners in trade and industry.

Since 2003 the Ministry of Education has created incentives, including financial, that encourage mergers of vocational schools. The mergers are intended to secure broad educational environments in all regions, providing options for young people and adults. They are also meant to enhance the educational level at vocational schools. The Storstrøm region has carried out a number of such mergers in 2003.

Because these mergers are so recent, many of the region's merged educational institutions have not yet prepared a strategy for activities aimed at the low-educated. However, the educational institutions have a policy of offering education and training programmes that are relevant to the region's employment activities – for example, for the low-educated – and that are covered by their own individual objectives.

Workplace practices: strategic aspects

The three enterprises selected as case studies have all introduced education and training measures for low-qualified employees. While these enterprises are all located in the county of Storstrøm, each of them is representative of a distinct sector of activity. Two are manufacturing businesses – an electronics and a textile enterprise – and one is a service business (a ferry operator).

The three enterprises have all been exposed to and affected by the increasing internationalisation of their activities, which has brought new terms of competition, production and service requirements. Consequently, work organisation, job functions and job contents have been redefined. Education and training for their staff has been a key element of their responses to these new challenges. A shared feature was that they all treated training as a high-priority development strategy rather than as a single, one-off project.

At the time of study, the enterprises were at very different stages in the process. The electronics business had only just initiated its first training project. The ferry operator had started its project four years earlier, while the textile enterprise began its first education and training activity in the late 1980s.

Enterprise A: The electronics company

The enterprise is situated in the surroundings of Næstved. It has nearly 40 employees, of whom 25 are without formal qualification. The company primarily operates as a subcontractor to other companies. It produces around 100 different ventilation, heating and home appliances (*e.g.* kitchen machines).

Since the 1990s, this enterprise has been facing great challenges due to increased competition. The effects of economic restructuring have been highly visible in the local community, where several electronics businesses

have closed down. Increased competition has influenced demand as regards pricing; as a result, the management decided to begin collaborating with enterprises in Lithuania, which involved transferring part of production to the partner country. This process is expected to be a decisive factor for the share of manual assembly work in the future, and has spurred interest in education and competence development for the low-skilled employees. The company has in fact succeeded in maintaining and actually increasing the share of tasks, including assembly, in Denmark. The strategy has been to concentrate on an ability to function as a co-operation partner for customers in the development, testing and production of a large range of products. By the same token, the enterprise can now handle deliveries in both very small and very large order sizes. So far, the possibility of outsourcing has primarily been used as an argument to convince potential and existing clients that the company will be able to handle mass production of the developed products if necessary.

The combination of contact with enterprises in Lithuania and the maintenance of the head office in Denmark makes it possible for the enterprise to be close to the customer in connection with the development of prototypes. Small series (up to 500 units per year) can advantageously be manufactured in Denmark; it is planned to move all mass production to Lithuania. The decision as to where production will take place is dependent upon customer requirements: the enterprise can submit two quotations, one for production in Denmark and one for production in Lithuania.

The managers interviewed argued that increased competition calls for better and broader competencies for the employees at the Næstved plant. Rapid changes as regards production of smaller orders but also between various operations make communication and teamwork essential skills. In the Autumn of 2003, the company was experimenting with new forms of work organisation in the assembly line and introduced partly autonomous groups. So far the experiences have been positive according to both employees and management. It is expected that in the future, employees will be in charge of fewer products, yet they will need to conduct more testing, work with logistics and see to shipping. Every new task brings new information that the employees must know how to deal with, and they must learn to seek additional information when necessary.

The introduction of education and training programmes in the enterprise arose from wage negotiations and a demand from the employees for a higher pay. This demand was met with a counterclaim from management: if the employees wanted a pay increase, they had to provide something in return. Employees had to be willing to acquire new knowledge and competencies. Thus the pay increase was conditional on adult and continuing training.

At that time the enterprise considered such training a strategic development and started to plan a number of employee courses. It soon became apparent that many of them had difficulties reading, writing and calculating. Before it was possible to implement major company-oriented course activity, employees had to be equipped with a higher level of basic skills. All employees were tested in Danish and mathematics in order to clarify the level of their skills. Subsequently, those needing to improve their skills could participate in a Preparatory Adult Education (FVU) course implemented with the assistance of one of their representatives who acted as a broker. The training took place at the enterprise and was delivered by teachers from the Adult Education Centre (VUC). Today all the employees have an individual training plan, although the management's point of view is that performance reviews are a better tool for the continuous development of their staff.

In the Autumn of 2003, it was decided to embark on a new training initiative involving all groups of employees and all management levels. The local college was entrusted with the planning and implementation aspects of the initiative. The intention was to promote a joint understanding of the company's objectives as well as the future demands for workforce development. It was made clear to all staff that if they refused to participate in the development of the enterprise, they would need to seek employment elsewhere.

When sending an employee on a training course in the AMU system, the enterprise receives approximately DKK 600 (EUR 80) per day per employee – which amounts to 60-70% of the wage bill of a low-skilled worker. Following on from this first initiative, a second programme was adopted that cost DKK 200 000 (EUR 26 900); the company paid DKK 80 000 (EUR 10 750) and received subsidies for the remaining DKK 120 000 (EUR 16 150). It had to pay for the training in advance whereas the subsidies were being paid after completion of the training, which created time lags of two weeks to two months.

The company's first project was within the framework of a FVU course. These courses have enjoyed a great deal of interest in the Storstrøm region, especially from the unions representing low-skilled workers. For example, a consultant from the Danish Confederation of Trade Unions was hired to promote information about FVU in the Storstrøm region. To many employees, an FVU course tends to be the first contact with the educational system for a long time, and therefore FVU has received a great deal of attention as a tool for future education and training projects.

Enterprise B: The ferry company

The ferry operator employs some 2 700 employees and has the responsibility of running several ferry services. The author's focus for this chapter has been on two particular Danish ferries in the southern part of the region. There are around 400 staff at the ferries; 250 of these employees work within the catering section, *i.e.* for the cafeterias and restaurants. The group that have been involved in the training programme discussed below are the permanent staff of cafeteria and restaurant personnel – a group of approximately 80 employees. Several special circumstances related to the enterprise must first be considered to understand fully the background of the project and the initiatives implemented today.

The majority of the employees on the ferries are low-skilled and low-paid. There has always been a large turnover of staff, and as a consequence the enterprise has constantly had new employees in training. Furthermore, the work is very seasonal. Thus the company doubles its staff in the summer period. It is easy to maintain a pool of substitutes during the season because it is known that the permanent employees are recruited from the group of substitutes.

The new development began with the launch of new ferries in 1997 and subsequent staff reductions. Until that time there had been no notable or systematic use of education and training for this group of employees. Only very few employees had participated in courses on their own initiative, and even so it was difficult for them to integrate new knowledge into the daily work due to strong routines.

In 1999, a new turn brought the manager and employees to consider a more systematic use of education and training. The process started with the prospect of a closure of the ferries' duty-free sales. This had constituted a large share of the ferries' business, and a closure would have resulted in the layoff of 10 to 12 employees on each ferry. Management, the senior shop steward, trade unions and the local PES agreed that every attempt should be made to keep all employees on until future business prospects were clarified.

One of the tangible suggestions was to take over the cleaning of the ferries. The company itself had previously undertaken this function, but cleaning was now outsourced to a private company. However, management felt that it would not be financially feasible to take back this function under the current circumstances. Discussions led to the idea of planning a line of educational activities involving all employees in the cafeteria, with the purpose of keeping the employees but also improving their technical skills.

Interviews and questionnaire surveys were conducted among the employees in order to ascertain their wishes and education needs. These were subsequently presented to the management and a course programme was

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scheduled. There was considerable overlap between the employees' and management's interests, and it was therefore easy for the representatives from the PES and the educational institutions to meet the interests of both parties in the final layout of the activities. The courses were especially designed for the ferry service and comprised *inter alia* sales and marketing, foreign languages (particularly English and German), kitchen, hygiene and cooking. Communication and teamwork skills were also offered.

The sessions were arranged in co-operation with the PES and the local educational establishments, *i.e.* the General Adult Education Centre (VUC) and the Centre of Vocational Training and Education in South Sealand (CEUS).

This first round of education and training activities was implemented as a "rotation-project", described earlier in the chapter. The motivation for choosing rotation was both practical and financial. It was a way to secure substitutes in the permanent employees' training period, and at the same time procure a high level of financial support for the project. The rotation programme was financed partly through funds from the PES and partly through financial support from the Regional Labour Market Council. The company itself paid DKK 500 000 (EUR 67 250), which amounts to one-tenth of the project's cost of approximately DKK 5.5 million.

The unemployed were recruited through the local PES and attended courses for eight weeks to be able to act as substitutes for the ferry staff during their courses. Management wanted to be assured that the substitutes could take over on the ferries right away so that no additional training time would be required. The advertisements for substitutes resulted in 80 to 90 applications, but only 20 people were needed for the project.

For the following ten months, the "alternating" pool of staff went to work for four weeks and attended courses for two weeks. The session was arranged so that the substitutes had a permanent job for ten months while they switched between the training centre and the ferry every two weeks. The project ran from autumn to May, but the employment of the substitutes was extended over the summer. Therefore, the substitutes were employed for a whole year.

After the ten-month period, the permanent employees returned to the ferries. There had been no change in their work functions and on the whole, their jobs had the same content. However, a middle management level had been removed and more responsibility could be delegated to the employees. It turned out that the closure of the duty-free sales on the ferries did not have the feared effect on the number of passengers. The company was therefore able to keep all the employees and all the substitutes who wanted to stay aboard. Some of them found other jobs after they had participated in the programme, but approximately half remained.

The project has had a positive effect on recruitment of new personnel. In 1997, while the enterprise still operated the old ferries it became difficult to recruit staff for the summer work, the so-called "butterflies". The enterprise developed a bad reputation in the local area because of its high turnover of staff. The rumour was that "butterflies" were only given very simple and unappealing tasks that no one else wanted to carry out, and that they were not taken on subsequently.

Allowing groups a degree of autonomy has eased the recruitment process. The employees have obtained higher job satisfaction and productivity has improved. At the same time, the employees have had an increase in wages; they still receive a fixed minimum pay but it is now possible to negotiate additional bonuses on a case-by-case basis. The management has noticed a decrease in staff turnover and absences due to illness. The previous average employee attachment was three to four months; the enterprise now has staff staying on for several years.

As an example of the dissemination effect, it is noteworthy that the ideas emerging from the project have subsequently been extended to include the shop personnel of the two ferries, and have also been adopted on the company's other ferries with great success.

As a continuation of the first programme, IT and language courses for all interested employees have been set up in co-operation with the adult education centre (VUC). The education takes place at the workplace but during the employees' time off. The enterprise pays for the training. Even if such skills are not strictly required in the workplace, it is considered to be in management's interest to grant the employees' wishes to attend supplementary training. The employees receive primarily IT courses within this framework, since this is the area for which demand is currently the highest.

Several other activities have followed the rotation programme. These have aimed at breaking down the cultural and professional barriers that have dominated the ferries until recently. Each ferry has traditionally had permanent staff teams, and as a result communication difficulties have emerged between the employees of the two ferries. It used to be difficult to arrange substitution at the other ferry, as the groups did not communicate with each other. Some of the activities that have followed the first programme have revolved around team building exercises. Excursions have been organised, during which staff have been challenged with problems and new situations; this fosters a team spirit outside the usual workplace.

Today, it is common for the enterprise to implement a training session for all newly employed staff before the start of the summer season; The training lasts six weeks and summer work follows. The same training session is repeated for the new substitutes every spring.

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There are also training sessions for the permanently employed staff. The training content alternates depending on the enterprise's and the employees' wishes. The enterprise does not use individual education plans, but instead focuses on the group of employees as a whole when deciding which educational offers could be useful. Every year, the employees are consulted about their specific interests regarding education, and the enterprise endeavours to co-ordinate them with its own priorities.

Enterprise B has attempted to broaden its training offer to include courses leading to vocational qualifications. As an example, some employees have participated in the first levels of the catering assistant education course, launched within the framework of adult vocational training. However, due to mergers between the educational establishments the course has recently been transferred to a technical school, a move that has created some uncertainty among management.

The steering group that initiated the first programme is still in place. Every two months, meetings are held between management, senior shop stewards, the PES and CEUS to plan new training sessions. This network – especially the personal contact that has evolved between the representatives from the unions, the PES and the vocational education institutions – has been decisive in successfully promoting education and training activities.

Enterprise C: The textile company

This enterprise has seen remarkable development since the end of the 1980s due to changed market and competition conditions. The company moved to its present premises in the surroundings of Næstved in 1989. At that time, there were between 60 and 70 employees. When establishing the new facility, great emphasis was placed in guaranteeing a pleasant and safe working environment. For example, much thought was given to lightening, sound insulation and flooring.

Today, the enterprise has between 15 and 20 employees, all split between the sales department, administration and production. While the company employs one permanent designer, it also relies on a network of designers who provide extra assistance in the design phase of new products.

The entire production takes place abroad but is divided into two groups: The "small scale production" takes place in Poland and Ukraine while the "large scale production" takes place in the Far East, *i.e.* in India and China. At the Næstved location, only one of the automatic cutting machines (CAD/CAM) is still in operation. In 2002, it was decided that one-third of the premises would be leased out because the enterprise no longer required the same amount of space.

Enterprise C originally focused on the production of highly specialised, high-quality coats. The classic product was the parka (a dark green jacket made with a heavy fabric and with a fur edge on the hood). It then switched to lighter products made out of new fabrics, destined for the "profile market", *i.e.* for those in public services and B2B.

Today the enterprise supplies uniforms to the Danish Police, the Danish Post Office and the Scandinavian Airlines System, among others. The parka is no longer in production. Apart from B2B productions, the enterprise manufactures its own line of leisure and outdoor clothing items.

Usually, the company enters agreements of several years' duration with its larger customers. For example, it has a five-years agreement with the Danish Police. The first and the last uniform to be delivered during these five years must be identical as regards material, shade and details, unless the customer's requirements change during that period. This type of product calls for a high degree of control, both in Næstved and at the facilities abroad.

Not all products are manufactured by the enterprise itself. In order to supply its customers with a "full package deal", some products – *e.g.* shirts – are ordered from sub-suppliers. The shirts and jackets can be supplied with embroidery and/or branding according to the customer's wishes. This process still takes place at the Næstved plant. The first step in manufacturing when a new product is to be developed is the initial meeting with the customer. Based on the input from these meetings the enterprise will normally suggest three models that can vary in price, colour and design. From these three suggestions the final model is selected.

Once the enterprise receives the final order, the Danish employees prepare a detailed sewing instruction, which accompanies the pre-packed materials to the plant in either Eastern Europe or the Far East, depending on the size of production. The finished products are returned to Denmark where the final control is performed.

However, a few product operations are still performed in Denmark. This especially applies to the specialised orders and designs, *e.g.* to an order for 20 jackets where specific measurements are given for each jacket. The jacket itself might be produced abroad but the finishing is carried out at the Danish workshop.

In the past, the enterprise had experienced complaints regarding packing and distribution. A control system providing precise weighting of the packages to be dispatched was introduced, as was a production tracking system that enables the company as well as the customer to keep track of the shipment via the Internet. As a result, the company now receives very few complaints.

An education and training plan was drawn up for every employee who sought to match their and the company's interests. At first the intention was

to prepare the low-skilled employees for the new forms of work organisation and new job functions that developed through the changed production system. Subsequently, a broader objective was pursued, not only to address the need for co-operation inside the separate departments, but increasingly also to transcend the traditional hierarchical structures. The development of the enterprise's organisational structure is increasingly emphasising the ability to co-operate and communicate.

Enterprise C's priority today is to control efficiency and quality in its production. Rendering of exact sewing descriptions and technical drawing are considered essential competencies. The sewers must also be able to handle direct communication with customers and subsidiaries. The company's latest training programme involves the entire staff and has English and German as well as IT skills as a central feature. Seven employees have received 30 hours of English lessons, six employees have completed 30 hours of IT training and three employees have started German at a level directed specifically at their skills levels and needs. The project focuses on competence development with for example elements of product planning, logistics and sales as well as team building and stress management. The scheme implemented in 2003 and 2004 has an annual budget of DKK 1.3 million (over EUR 1.7 million), co-financed by the European Social Fund. The enterprise has paid half of the expenses but has had a great deal of administrative work related to the co-financing aspect, entailing additional expense.

During the past twelve years only five new employees have been hired. Since 2002 however, a somewhat larger staff turnover has occurred, primarily among administration staff. During the interview for this chapter, the general manager argued that the relatively high average age of it's the company's employees might result in recruiting problems in the near future. The enterprise has an ongoing policy of providing work experience to students from the country's clothing and textile industry trade school (*Tøj og Tekstilindustriens Brancheskole*) to try and maintain their interest in working in the trade.

Enterprise C has used private consultants to implement and promote its various training projects. The management has to a great extent used the media to attract attention. The SiD union has pointed to the enterprise as a textbook example for the development of low-skilled employees.

Years ago, when the enterprise's entire production was still based in Næstved and it received orders for 5 000 jacket units, each employee performed one single operation of the production. The work organisation was dominated by Taylorist methods of production. When the composition of orders changed, Enterprise C got involved in a joint project with two other textile companies in the early 1990s. The project's objective was to single out

those portions of orders unsuited for the piecework system and traditional assembly line, and instead support the development of new forms of co-operation among the sewers. The aim was a more flexible work organisation that would also give the sewers greater variety in their work. Rather than perform a single or very few operations, the sewers were to learn how to produce the entire jacket. In the beginning only a small pilot group of 10 employees worked in this fashion, but in 1993 the enterprise decided to spread flexible work organisation to the whole workshop. However, not all employees managed to adapt as well as the original pilot group.

In fact, all the company's training efforts of the past fifteen years have been directed at flexible work organisation. It has attempted to introduce a new and flatter structure to replace the previous pyramid model of organisation. The current objective is to obtain a totally flat organisation; combined teams of sewers, sales personnel and designers will be working entirely on a project basis. The sewers will thus bring their experience and knowledge of the production conditions and possibilities and be on equal terms with representatives from the other staff divisions.

Finally, a staff exchange programme has taken place with Greek and Italian enterprises. For example, the Danish sewers presented the results of their work with new machinery to the management of an Italian enterprise. In turn, the foreign employees joined the Danish enterprise for a short period of time. Representatives from mid-level management at enterprises in Poland and the Ukraine visit the enterprise in Næstved every year to learn about new products and quality demands. The visits include social gatherings and are seen as an important element in transcending cultural gaps in transnational co-operation and learning.

It is noteworthy that among these three case studies, Enterprise C had the longest experience of workforce development. This enterprise has shed light on the importance of adopting a long-term and coherent perspective to skills upgrading, education and training. In other words, it has served to highlight the importance of process issues: how training programmes were originally introduced, how and why they were continued, and what their outcomes have been.

Implementing training initiatives for the low-skilled at company level: processes and outcomes

The following section explores the constraints on and opportunities for introducing training initiatives; the process of implementing a successful training strategy; and the outcomes of such initiatives.

Setting up education and training projects

The training initiatives implemented in the three case study enterprises have all resulted in a dissemination of educational activities so that, subsequently, more or all employees have become involved.

Previously at the three enterprises, the employers offering courses had primarily been motivated by one of two factors: either the need to give employees a very narrow and specific technical competence development (like sewers who were to learn a new sewing technique) or stagnating production. Under the AMU system, employers who provide training to their employees are entitled to receive a subsidy. While the subsidy does not cover wage expenses in full, its level can reach up to 60% for a low-skilled worker. During periods of economic sluggishness, enterprises have been able to transfer some of their wage expenses to the AMU system by sending their employees on training courses. However, this use of the training system is often based on last-minute decisions and result in a very random selection of courses. Interviews with some of the social partners have revealed that this practice is very common, especially among SMEs.

The three case study enterprises have been representative of that attitude, still widespread in smaller enterprises today. Therefore, it is crucial to take a closer look at what started the process in the case enterprises and what has contributed to the adoption of education and training initiatives.

Today, the managers of these enterprises all emphasise the importance of co-ordinating education and training of employees with overall business development strategies. The managers cite changes in market conditions, increased competition and the resulting requirements for flexibility and adaptability at workplace level as triggers for the training projects. However, a closer look at the factors that originally initiated these processes suggests that chance and fortunate coincidence have played a central role.

At Enterprise A, the education and training project came into being within the framework of wage negotiations. It will be recalled that originally, a demand from the employees for higher pay was at the heart of those negotiations. This demand was met with a counterclaim from management. If the employees wanted a pay increase, they had to give something in return. The management did not want to give a pay rise unless the employees put in extra effort. Training represented a coherent option and the pay increase was made conditional on its adoption. The management asked that the trade unions carry out the initiative. Subsequently, the co-operation between trade unions and educational institutions facilitated the progress of the project.

It was accidental. I had not given it a single thought. But a lot of things happen like that. We had not thought it through, but it has become very structured since. And the fact that it has turned out like that – because I perhaps have seen now that it is positive and sensible – well, that is ok (Manager, Enterprise A).

At Enterprise B, management, shop stewards and representatives of educational institutions were holding a meeting to discuss the radical change in the business environment. The aim was to retain the employees until the consequences of the new situation became clearer. It was anticipated that half of the permanent staff would be made redundant but nothing was certain at the time. The first education and training project emerged with the objective of retaining the employees in the interim period. This initiative was therefore very short-termist in nature since it was devised as an "emergency" procedure.

When Enterprise C was invited to participate in a joint business project involving several companies, the invitation was to replace a company that had backed out. The director was persuaded to participate by a personal contact of one of the consultants on the project. He accepted the offer because at the time, managerial staff had expressed interest. Also, the project was very relevant to the change in the order mix.

In all these cases, it appears that considerations were mostly financial (retaining employees, changed order mix, wage negotiation). The long-term focus on education and training as a part of business development strategies can thus be seen as a consequence of the positive experiences that followed the first step. The greatest challenge was to embrace the cultural change that the engagement with training implied, such as the need to rethink the job context and to be prepared to learn. In many cases it required a redefinition of the co-operative relations and job functions. The manager of the textile enterprise remarked that the very first training programme was the most difficult to implement.

We have moved on. But the sewers knew what it was all about by then. They were used to the fact that suddenly someone made new demands of them. But I have to say that the first project was the most difficult. It was really hard to get through! (Manager, Enterprise C)

Overall preconditions

The interviews with the managers have made it clear that education and training initiatives have to be fitted into a busy everyday business schedule. Even though the attitude toward and view of education today have changed at the case study enterprises, the managers' primary concern is naturally to ensure the daily operation of production. In spite of work pressure, they have chosen to give education and training high priority. The time needed to

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complete them has been found, even during periods of extra work pressure. As one of the managers argued:

> *It is a question of planning and of taking time off to do it. You can often hear people say: "We don't have time for that". But you do not have time, unless you take it!* (Manager, Enterprise C)

For the initiatives to be successful, managers needed to ensure that education and training would not hinder the overall running of the enterprise. Accordingly, several preconditions can be identified.

Payment of subsidies

The primary concern of the managers was to ensure a sound financial basis for the training projects. In all three cases, the possibility of receiving subsidies was a decisive factor. The managers all said that without that possibility these projects would not have been initiated. Education and training of some sort might have been offered but the form would have been different and the scale definitely a lot smaller. Generous training subsidies from government have made this option quite attractive to employers. The wage gap is relatively small, particularly for the low-qualified. However, delays in payment of the subsidies were seen as a major problem for two of the three case study companies. One educational consultant argued that problems can arise if the subsidy is not paid within three months of the start of the project.

Time

Time is a central concern when discussing education and training initiatives – particularly for SMEs – and it was a decisive factor at the electronics enterprise. Management felt it important that as little time as possible be set aside for the training, particularly for overseeing its implementation. On-the-job training was thus an easier option. A further facilitating element has been the presence of other actors such as educational consultants from both the public and private sectors; the unions; or a mixed team of actors who organise the training and deal with the practical aspects of its day-to-day running.

Temporary staff

At some enterprises, an important precondition is the availability of substitution schemes. This was, for example, decisive for the training initiative at Enterprise B. Planning the initiative as a rotation project ensured a permanent pool of temporary employees, along with considerable subsidies.

A focus on enterprise needs

The three enterprises used different models for the planning and implementation of their education and training initiatives. Importantly, each

project was suited to the special circumstances of the company. For example, management at the ferry company felt that the social dimension of the courses was just as important as the job-related content. The fact that employees got a break from their everyday routine proved highly motivating. This example highlights the possibility of planning courses of several days' duration that allow time for social activities in the afternoons and evenings and add value to the vocational and technical aspects of the course.

Co-operation with external partners

All managers argued that partnership is the most important precondition for initiating and carrying out training initiatives. A good partner has to be able to fulfil many functions – particularly, as argued above, in relation to easing time constraints. It was found that enterprises have a need for partners with a good knowledge of education and training possibilities and of funding mechanisms. The companies all lacked the necessary resources to keep themselves up to date concerning the training courses on offer and application procedures. Likewise, it proved challenging to cope with the often huge administrative burden that comes with most subsidised education and training projects. Moreover, it was emphasised that a good partner had to be able to keep everyone involved in the project on the right track so that it can be completed within schedule. The managers argued it was important that a relationship of trust had developed between them and their training partners, particularly as they felt that many local labour market actors did not have the required drive. Personal relationships therefore appeared to have a significant bearing on the possibilities for successful co-operation and on the development of education and training projects.

Follow-up: hire and fire?

One crucial question remains: why has the management of these enterprises chosen education and training as the solution to the changing demands instead of firing their low-skilled employees and hiring new ones?

There appears to be a major ethos regarding tacit "employment contracts" between employer and employee among the managers interviewed. The enterprises retained the employees because they had fulfilled their jobs satisfactorily and showed potential for future development. Despite the fact that they are low-skilled, the employees had worked for the enterprise for a long time and had acquired an important stock of knowledge and know-how that employers are reluctant to deplete.

> *It was necessary to upskill the employees, because, otherwise, we had to find someone else with these qualifications, and that would be absolutely crazy, when the potential is here* (Manager, Enterprise A).

Of course, such perceptions cannot be taken for granted. Representatives of educational institutions and trade unions argued that many employers in fact have difficulties seeing the need for education and training. In this connection, a distinction can be made among three types of training: first, the very specific courses related to the existing job functions; second, education and training towards basic skills; and last, training initiatives aimed at more general qualifications. Several managers had difficulties in accepting the argument that it is their responsibility to upgrade employees' qualifications, especially in the last category. According to them, this is something employees have to do in their spare time if they want to keep their jobs. One of the arguments used to persuade these managers to use skills upgrading as a strategy is a consideration of what it costs to hire and train new employees compared to what it costs to train existing staff. The line of argument presented by educational consultants holds that it is easier to get managers to consider education and training initiatives if these can be directly related to economic concerns, as for example reducing turnover costs.

Employee commitment, scepticism and resistance

Both representatives of trade unions and educational institutions have played a central role in initiating education and training projects. But the decision to do so is still a management decision. Therefore, under any circumstances, it is management that needs to be persuaded. Trade union representatives and the representatives of educational institutions found that "getting a foot in the door" of the enterprises was the greatest challenge. A further challenge was to make employees commit to the projects.

Employees' motivation to train is related to improving their working and private lives. The fear of losing their jobs can make employees see the necessity of committing themselves to education and training projects. However, in many cases the immediate reaction to education and training measures is often scepticism.

Several employees interviewed for this study expressed some insecurity with regard to starting an education and training course. They felt particularly uncertain as to whether they would be able to handle the demands made on them, and expressed worries about revealing their weaknesses, whether job related or personal. To them, the learning environment represents a lack of personal control that stands in contrast to the ways they normally interact with their colleagues.

Another source of scepticism and worry stems from the inadequacy of information provided from management, which can lead to speculation about the reasons behind the education and training measure. Employees thought

that training might be a sign of future redundancies to come, and so could not see the point of it.

> *I want to know: Why does the enterprise want you to go [take the training]? So that you do not feel that this is something fortuitous, [but instead] being forced on us, [something] you do not have influence on. Perhaps that is what makes people a bit negative* (Employee, Enterprise B).

The purpose and strategy of education and training must therefore be presented to staff in such a way as to favour a climate of consensus. Clear information about training initiatives can thus prove an important step in the right direction to address the feeling of lack of empowerment among employees.

Furthermore, many employees referred to negative experiences they had had with education and training as a reason for their scepticism; in some cases these experiences dated back to primary and secondary schooling. But experiences from other courses and training initiatives in adulthood can also play a central role. For example, some employees of Enterprise B referred to their employers' previous courses that had not led to any career improvements or opportunities for progression. Special efforts were therefore made to persuade the employees to participate in the rotation project.

The representatives of the educational institutions did not regard the attitude of the employees as the most significant barrier to education and training. Their experience was that employees are often insecure at the prospect of education and training projects, but that they can be motivated by becoming involved in the process. This involvement can take various forms. In the case of these enterprises the general model has been to consult with employees prior to designing and implementing the training initiatives.

The three enterprises had in common the fact that they tried to base their education and training initiatives on the needs and wishes of their employees. As a result, the employees felt that they were taken seriously, that management wanted to invest in them and that it was no longer just the highly qualified workers that were offered education and training opportunities. Employees argued that these positive signs motivated them to commit to the workplace and to take on more responsibility in their daily work.

The financial aspects have turned out to be of real importance to the employees. Unless, for example, all matters related to wages were clarified before the initiation of a training initiative, it could quickly become a barrier. This was the case at the ferry company, where employees were dissatisfied with the fact that their pay was not increased during a team building excursion that exceeded normal working hours. At the textile enterprise, the shift from piecework pay to hourly wages meant a significant reduction in wages for a number of employees and had to be clarified.

Moreover, employees very rarely take the first training or education initiative themselves. Employees and managers of the two enterprises that have implemented education and training initiatives over a longer period say that the employees have begun to expect education and training and take it for granted. Many employees argued that they trusted management to continue to take the initiative.

In this respect, trade unions have been a great driving force. Education has traditionally been one of the central concerns of the trade union movement. The educational consultants who are representatives of the trade unions have the remit to promote education initiatives for the members of the union. Today educational consultants are found in the majority of the trade unions, but especially those with the highest numbers of low-skilled workers. For example, the SID (General Workers' Union in Denmark) and the KAD (Women Workers' Union in Denmark) have approximately 15 educational consultants each. These actors provide the link between their members, enterprise managers and local educational establishments. Their strategy is to provide a better fit between the interests of employee and employer.

> *If the enterprise says "we want to define quality", then we say "that is fine, but the reason we want to do it is that it gets our members started on education and training, and afterwards we can take it from there and move on". So, there can be several goals. It is just important that you are open and honest about it. Trust and personal relations are very important in this connection* (Educational consultant, trade union).

The trade unions are committed to education and training, as they are aware that a large portion of their members are in danger of becoming marginalised on the labour market. They see their role as one that compensates the lack of action and resources from government in this field.

> *We do it because this resource does not exist anywhere else – other than if an enterprise is willing to pay for it – and they are not going to do that, and that has negative consequences for our members* (Educational consultant, trade union).

To a great extent, the trade unions' role can be seen as a "business of persuasion" in relation to members, enterprise managers and educational institutions. The ways of getting in contact with the members and the managers and the dissemination of information have been adapted. One attempt is to reach members by turning the course participants into ambassadors of education and training at their workplaces and by sending personal letters. These practices are based on the recognition that only a very small share of the members are going to seek education and training themselves. Managers, particularly at SMEs, are contacted by letter, by telephone and through enterprise visits. The experience is that the majority of

the managers can be persuaded to discuss the need and possibilities for education and training initiatives, but this action is very time-consuming and there is a constant need to follow up actions at almost every enterprise.

Education and training: experiences and outcomes

The question of whether education and training is to take place during working hours or in people's spare time is one that dominates employees' concerns. It is important to emphasise that the great majority of employees who were interviewed as part of this study proved very satisfied with the education and training courses in which they participated. But few were inclined to spend their evenings on training. Hence unless the initial education and training initiative can take place during normal working hours (either on or off the job), the idea will rarely be given serious consideration. Moreover, several employees pointed to the fact that it was difficult to finance their own training on low incomes. The choice of tutor is also crucial to the success of training, particularly with regard to creating a pleasant working atmosphere in the early stages of the programme's implementation.

When employees become accustomed to education and training, they make new demands on the tutors. For example, the course participants require that their tutor take into consideration the experiences they bring with them. One of the employees from the ferry describes an experience with trainers who did not meet expectations:

> *They had an expectation that we were like little children who did not know how to do anything ourselves. They certainly treated us that way* (Employee, Enterprise B).

Managers as well as employees are aware of the importance of having professional tutors as business partners. The trainers need to know the enterprise so that they can tailor training to the employees' tasks and duties. Interviews with the educational institutions suggested that the recruitment of suitable tutors was relatively straightforward. But the demands are high, and one of the enterprises called off its co-operation with an educational institution because the tutor was found unable to fulfil expectations.

Moreover, the content of training courses must be geared to the workplace so that it can be applied immediately. Some employees argued that in certain instances, what they were being taught was not relevant to their job tasks.

> *The teacher has to be able to teach. The one we had, she was skilled enough – no doubt about it – but not at what we needed her for. Why did we need to learn about German wine? We cannot use that for anything in our daily working life* (Employee, Enterprise B).

The selection of training material is crucial to ensure the link between training and the workplace. Few enterprises have a possibility of furnishing

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specially designed training material to certain employee groups, but at the FVU (Preparatory Adult Education) courses run by FOA-Storstrøm with participants from the social and healthcare area in the region, training materials have been developed that are aimed directly at the participants' working lives. The themes discussed relate to central problems of the profession, and the terms used are selected on the basis of the technical terminology used by employees. The programme has been a great success, and is to be expanded to include courses with participants from day nursing staff.

A common feature of the three enterprises is that they have all had part of the training initiative take place at the enterprise. At the electronics company all training took place on the job. In the two other cases the training has taken place both at educational institutions and at the enterprises.

Employees, management and trainers have all had training experiences. Once again, the primary concern was feasibility. Transport time was emphasised by both employees and management, and employees are aware that saving transport time is one of management's greatest motivations for choosing training on the job. Some of the employees also considered it an advantage not having to deal with transport to and from an educational institution and to be in familiar surroundings at the enterprise, learning with other colleagues. Such considerations have positive effects on attendance, especially for employees who are not familiar with education and training.

However, it was mentioned that concentration and creativity might be higher if training takes place off the job. It can be difficult to ignore what takes place on the other side of the door.

One of the trainers in Preparatory Adult Education who worked with Enterprise A mentioned that in other sectors of activity such as the social and healthcare sector, training takes place in the trade union's facilities and is delivered intensively throughout the day during a set period. She argued that the levels of concentration are higher in those classes than at the classes she delivered at the enterprises. However, such delivery methods are not suited to every sector and every type of activity. One of the major problems is that many employers, particularly SMEs, have difficulties finding substitute employees.

When the enterprises were asked to be explicit about why they had decided to implement and continue the initiatives, they often pointed to rising demands of constant development and the need to think of employee resources as a way of creating a new parameter of competition. As one of the managers argued, "*The enterprise is developing, because the employees are developing*". This view of education as the tool for ensuring development has been recurrent throughout the study. The managers also felt very positive about the prospect of making the low-skilled capable of taking over more and more tasks and to make increasing numbers of decisions by themselves.

A great deal of motivation lies in the fact that managers have noticed tangible changes at the enterprise as an outcome of the initiatives. Especially at the textile company, work organisation, co-operation patterns and production layout *inter alia* were revamped as a result of training initiatives. Clear outcomes and the feeling of success have led to a greater willingness to take a risk when moving towards new initiatives.

> *And when you have tried it once – well yes, it is tough – but it is also exciting. Because there are visible results. You can see that the way we are operating now is totally different from the way we used to* (Employee, Enterprise C).

The majority of employees have difficulty being explicit about what they have gained from the training initiatives. They often choose to describe the change they have noticed in their colleagues' attitude.

> *They have learned a lot and they feel that they know a lot now. That is, you feel that you have improved your skills and you get more self-confidence. You develop yourself, because you feel that you can do something* (Employee, Enterprise A).

The employees that were interviewed found that the training initiatives brought a real change to their working day. While there might have been no real change in job content, it still appears that the initiatives have changed "the way things are done". The employees felt that they have been provided with a deeper understanding of their daily tasks and that this new knowledge has enabled them to perform their job in a more meaningful way. In these cases the training initiatives have contributed to an increased empowerment of the employees and started a line of development that received support from managers as well as the employees themselves.

Some employees did not believe that training makes any difference at all. Such perceptions were most frequent among employees who were still in an early phase of training initiatives. In these cases the effect of training can mainly be linked to personal commitments, and usually this is also where they have found the initial motivation or requirement to start the training. Moreover, a few of the employees reflected that their positive attitude towards training had been a significant factor for keeping their job. Thus job retention seemed to be the one positive outcome.

The managers with experience from several training initiatives stressed that there are no shortcuts: significant progress tends to happen through incremental change. But because changes happen very slowly, hindsight is required. It is necessary to compare the actual situation to the situation that prevailed two or three years back in order to take stock of progress. One of the managers argued:

> *As you know, you have to take small steps. All the time you are taking small steps. I know that too, but it was one of our very big problems when we carried out the first training programme: the girls (the sewers) and the staff thought it*

went much too slowly. They simply felt that nothing changed – they felt it was a waste of time and money, because nothing happened. That feeling lasted until we were able to say: "Now take a look at what has happened. Take a step back and see the changes in a longer perspective". And then they could see it (Manager, Enterprise C).

At Entreprise A, which had limited experience of training, most of the employees did not express the specific wish to continue training. But those who had attended the first course were backing up the enterprise's future initiatives – and most of *them* were looking forward to further training.

One of the most important outcomes of the training initiatives is that they have given the employees experiences that have made them more positive about education. All participating employees had the desire to continue the process and to proceed into the next training programme at the enterprise. Some employees had become aware that it is possible to proceed into further education and some of them have thought of finding another job. The training programmes have in some cases motivated growing ambitions regarding middle management positions or plans of regular education and adult apprenticeships.

Conclusions and recommendations

This chapter has sought to explore the constraints and opportunities of initiating training initiatives for low-skilled employees. Through the example of three selected case study enterprises, it has described the process and outcomes of implementing a successful training strategy.

The focus on training and education as a strategy for workforce development in these companies has gone hand in hand with rising market demands, changes in market structure and increasing competition. However, even if the three enterprises can be seen as examples of best practice, the initial adoption of training courses could be described as "accidents" helped along by external actors such as union representatives, educational institutions and private consultants who played a central role as partners of these enterprises.

A key question that the chapter addressed is whether and how an isolated training initiative – often adopted in the spur of the moment – can be made sustainable and become an integral component of the company strategy.

Education and training proved an essential means to job retention for low-skilled employees. As employment opportunities for unskilled workers are expected to diminish, employees' inclination and motivation to resort to education and training will be decisive for their future labour market prospects. Lack of motivation on the part of employees is often the result of

poor experiences with the training system itself or a lack of training provision in their locality or workplace. The tutors interviewed during the research argued that such barriers can easily be overcome provided that management is prepared to take an inclusive approach to training and engage fully with the initiative.

The major challenge is to convince management to invest time and effort in education. Companies are often very busy and the working days are dominated by short-termism. Managers and employees often prefer to stick to their daily routines as it takes extra effort to make room for education and training.

Those barriers can best be overcome through the following:

- Provision of training programmes specifically designed for the working and production conditions of the enterprise.
- Demonstration of visible results, for example by presenting managers with the successful experiences of other companies.
- Assistance and support throughout the implementation of training. This task is very resource-consuming, as it relates not only to administrative aspects but also to factors such as motivation and internal communication.

General preconditions

Certain overall preconditions are necessary, as workplace practices depend to a great extent on the national institutional framework for adult education. Three can be identified:

1. Available programmes of adult education and training that relate to the specific needs of the enterprise and that take account of design features as well as time, place and content. This aspect represents a major challenge for training institutions and for tutors in particular. Moreover, programmes must take into consideration the personal commitments of the employees and the possibility of implementing training.
2. The possibility of financial support: subsidies and financial assistance mechanisms need to be structured in a transparent way and their administration given high priority so as to avoid delays. In particular, these should not burden companies, particularly SMEs that do not possess the time or resources necessary to handle administration of training programmes – especially those that are EU-supported.
3. Partnership as the driving force when designing and implementing the initiatives. It should provide an overview of the educational system and the opportunities for financial support, as employers rarely possess the relevant information. One solution might be to support the temporary employment of a co-ordinator in charge of administration and follow-up.

To foster these preconditions a strong political focus is necessary, and that includes a consistent political framework for adult education.

Creating a robust education and training strategy

The empirical findings at the textile company showed that national and sub-national policy instruments can be used to train those employees most vulnerable to economic restructuring. In this regard, legislation proved particularly crucial.

The study has clearly shown that the main barrier is getting started; once the barrier is overcome, organisational change can occur as training becomes routinised and embedded in HRM practices. It is therefore important that national policy is consistent in terms of securing educational offers and possibilities of financial support.

Arguably, the greatest potential for skills upgrading lies in enterprises that have already had positive experiences in relation to training, since the motivation of both employers and employees in these cases grows stronger. Cases of "best practice" could therefore play an important role at the local level and be used to promote training initiatives to other employers. Training could thus be sold to employers by employers. However, more research needs to be conducted to explore the extent to which this is done and what the outcomes are.

Job development and empowerment

The case studies showed that previous training practices can be a barrier to the implementation of new initiatives. Innovative training practices might go against established routines and form mental barriers. Corporate culture must therefore be taken into account when planning a training course.

The inertia is more acute when employees have experienced random education and training initiatives. The employees interviewed referred to examples where courses had been discontinued or not subsequently implemented in daily work and job functions, and described how this had caused disillusion and frustration. Therefore, appropriate planning must be considered an essential component of a successful training strategy. In particular, consideration must be given to linking the content of the training to the expected development of job functions and personnel responsibilities. Moreover, the potential empowerment of the employees is high when consideration is given to their personal wishes and commitments in implementing initiatives.

The employees often possess both specific and generic knowledge of the company that is extremely valuable, and they have important contributions and ideas to offer toward improved production, new methods for work

organisation and quality assessment. As demonstrated at the textile and ferry companies, it does not take much to make the employees do more on their own initiative and to take responsibility. As soon as it becomes clear that their ideas and suggestions are welcome and respected, action must be directed at encouraging the mid-level managers to relinquish some of their power. One way of translating good intentions into practice is to provide specific tools, such as educational planning.

Educational planning

Educational planning, which enters into several of the study's central themes, is a tool to systematise and clarify in detail a company's educational strategy. In Denmark, "educational planning" is a label that has been placed on a wide range of activities with very different content. Many companies implement training initiatives and inform their employees about education and training, but the ideal model of educational planning involves a long-term, systematic approach based on the present and future need for skills and competences.

Recent research has indicated an increasing use of educational planning at company level. The major reason seems to have been the availability of public funding supporting small and middle-sized companies implementing the planning. Between 1996 and 2002, there have been three such funds. The last two – in 2001 and 2002 – both had an explicit focus on employees with no or little education in companies with workforces of 100 persons or less. Public funding seeks to address the educational paradox under which employees with a high level of education are more likely to have education plans than the low-qualified.

The public sector uses educational planning more than the private sector, and large enterprises use it more than smaller enterprises. A survey carried out by the Ministry of Labour (quoted in Holsbo, Nielsen and Vedel, 2004) showed that 29% of private employers gave educational planning high priority, while 30% gave it average priority and 41% low priority. The public sector displayed similar results (high priority: 59%, average: 32% and low priority: 9%). Within the private sector, 32 of the small enterprises and 88% of the large enterprises stated that they had arranged training for single employees or groups of their staff. Comparison with the responses given in the 1995 survey shows a trend of increased take-up. Indeed, in 1995 the figures were 20% for small enterprises and 49% for large enterprises.

Of course, when training initiatives must be tailor-made to suit the circumstances of each individual employee, it can take a long time for an enterprise to find suitable courses and design and implement educational planning. Most SMEs do not have the resources to respond to the challenge, which is why public funding has been of tremendous help for low-skilled employees working for that category of employer.

Information and networks

The Danish educational system is a very broad one. As argued, it offers a wide range of options for individuals and enterprises to choose from. At the same time, the funding of educational programmes has received high priority. The 1990s saw expanded provision of vocationally oriented education and training for adults at all levels. As a result, adult vocational training has grown into a complicated system of educational offers that lacks transparency. The recent policy drive to simplify the structure of the system is a step in the right direction.

However, the recent revisions of the adult educational system have implications. One of these relates to the Individual Competence Assessment, a central element of the new system that will require increased co-operation between educational institutions providing the various strands of training. It is recommended that new networks be created that provide information on how each institution functions and the resources it can bring to the table.

Although the educational system strives towards transparency and flexibility as it develops, to a large extent the enterprises still depend on others to provide them with information on education possibilities and an overview of the programmes. The Ministry of Education's objective of according priority to information systems on the subject seems to be in line with the needs of the enterprises. However, it will take time and effort to make the new information systems known, and these cannot be expected to replace the groundwork of union representatives and (to some extent) local public employment service officials and educational institutions.

Building bridges between the national and workplace levels

Interviews with employers and employees suggested that the enterprises' reflections on the possibilities and constraints regarding planning and implementation of education and training did not link explicitly into policy formulation at a national level. Then again their focus is quite naturally on enterprise development, and they are not looking for any direct linkage.

Of course, employers and employees influence policy formulation through the social partners that are represented in the Regional Labour Market Councils as well as on the local school boards. Thus they influence the design and implementation of educational offers on the national level through the sectoral training committees. Moreover, the enterprises do to a certain degree have a direct influence on the variety of educational offers through their expressed needs for training, the educational initiatives they choose at company level, and the institutions they choose for partners. It is through these levels that a mutual exchange of interests between company level and national level is possible.

Managers attached a strong importance to the support obtained from partners for the design and implementation of the training strategies at company level. The unions, educational institutions, PES and private consultants have been important actors in the ongoing process of developing training initiatives for the low-skilled workers at the case study enterprises.

Finally, it must be stated that the commitment from these key local actors is activated by their knowledge of both local labour markets and the national legal framework. This knowledge implies that action can be directed specifically to areas where it is known that gaps exist. For example, the unions have chosen to support training initiatives for the low-skilled by employing educational consultants with the remit of providing information on the possibilities of designing and implementing training programmes that suit both employers and employees. They have therefore been able to act as a link between various policy levels.

Notes

1. The section on national policy has been prepared in co-operation with the Ministry of Education. The section describing the regional context has benefited from the input of AF-Storstrøm, which also selected the three case study enterprises.
2. AVU is *general* adult education as opposed to *preparatory* adult education.

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Chapter 4

The Regional Implementation of the Employer Training Pilots in the United Kingdom

by
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This chapter provides a thorough examination of the Employer Training Pilots (ETPs), a recent initiative of the British government to encourage skills acquisition at the local level. After mapping out the major policy initiatives in the United Kingdom over the last decade, the authors turn their attention to the UK labour market context and the particular situation of Derbyshire, a mixed urban and rural county in the East Midlands. Exploring the implementation of the ETPs in this chosen case study location, they find that the main driver to participation appears to be the availability of free, brokered training, rather than the availability of wage compensation. However, the level at which the pilots are aimed may mean that they are more effective at tackling issues associated with social inclusion than economic regeneration issues, which may require different policies.

Introduction

Introducing the UK Employer Training Pilots (ETPs) was one of a number of recent government attempts to encourage skills acquisition at the local level.

The pilots, introduced in September 2002, were designed nationally but are piloted locally in twelve geographic areas in England. Their aim is to test the effectiveness of a package of support measures in stimulating additional work-based training, leading to improved acquisition of skills and qualifications for low-skilled employees. The ETPs seek to raise the level of intermediate skills in England, and alleviate two of the perceived key barriers to employers providing more training and development for low-skilled staff – one is the cost of the training itself – training is provided free – and the other is the cost of the absence to employers – they are compensated for the time off to train, facilitating replacement. The pilots offer slightly different levels of time off for training and wage compensation.

The initiative was initially tested in six Learning and Skills Council (LSC)[1] areas: Essex, Wiltshire and Swindon, Birmingham and Solihull, Tyne and Wear, Greater Manchester and Derbyshire. These areas were selected from a range of bids from local LSCs in England to ensure a regional spread of activity and a range of likely approaches.[2] The number of pilots was subsequently extended to include a further six areas (Kent, East London, Leicestershire, South Yorkshire, Berkshire and Shropshire) from September 2003 and the original pilots were extended from one year to two. The new areas were matched with those in the first wave on key labour market criteria such as level of unemployment, sectoral employment and employer and employee training activity. The cost of the pilots the first year was initially estimated at GBP 40 million; this figure subsequently rose to GBP 290 million.[3] Additional pilot areas were announced in the March 2004 UK Budget, which will bring ETP coverage to over a third of England by the autumn.

In each of the pilot areas, the scheme is administered by the local LSC, working in partnership with Business Link (a policy body responsible for providing business advice and support to organisations) and training providers. For the purpose of this study, the authors have focused on one of the pilot areas: Derbyshire was chosen because it is an average-performing region in the United Kingdom by most labour market indicators and offers a middle level of wage compensation for time off.

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This chapter begins by placing the Employer Training Pilots in the context of UK policy towards Vocational Education and Training (VET). The major policy initiatives in the United Kingdom over the last decade are mapped out so as to provide background for the launch and subsequent development of the pilots in 2002. The discussion then turns to the UK labour market and the particular situation in the chosen case study location. Finally, the initiative is explored in more depth and conclusions are drawn on the value of the intervention and its wider relevance to OECD countries.

The research methodology for this chapter draws extensively on data and findings generated by ongoing national evaluation of ETP. The material is supplemented by a series of interviews with representatives of organisations engaged in the pilot at national and local (Derbyshire) level.[4]

It should be noted that since the establishment of devolved administrations in Great Britain, policy on education and training can vary between England, Scotland and Wales. The focus here is mainly on developments in England, where the ETPs operate. Other approaches to tackling employer-based training deficits are being tested in Scotland and Wales.[5]

The policy context

Over the past few decades, governments, employers and trade unions have been concerned about the level of skills in the UK workforce. Various stakeholders have stressed that national economic competitiveness and prosperity depend on a workforce that is highly skilled, adaptable and motivated. The concern is that the United Kingdom is falling behind its competitors in terms of productivity and economic performance, having had to cope with the social consequences of a relatively poorly educated and trained workforce. This is coupled with an established orthodoxy that the country has an increasing need for employing organisations to innovate and manage change in a world of developing technologies, shifting work patterns and global competition.

Since coming to power in May 1997, the Labour government has tended to see upskilling as a solution to a wide range of problems, from productivity and competitiveness to unemployment and social exclusion. Education and training has therefore become one of the most active areas of government policy; a great number of new initiatives show elements of both continuity and discontinuity with the policies of previous Conservative administrations.

The performance of the UK economy

Although there are these concerns over the performance of the UK economy, the picture is in fact far from straightforward and has shifted

considerably over time. More recent years have seen a significant change from the pre-1980s, when the United Kingdom was performing significantly below all major competing economies. There has been much progress, but the country still lags behind on some key indicators such as GDP per capita.

This section briefly reviews some of the key indicators of national performance for the United Kingdom compared to major competitor nations.

Productivity

There are two key elements to productivity: the level of labour utilisation (a measure of the intensity of labour participation, which is determined by both the hours worked per individual and the proportion of the population in the labour market); and labour productivity (the output of products or services achieved). The most common measures of productivity take into account the two elements *output per worker* and *output per hour worked*, with the latter a firmer indication of the impact of increasing labour utilisation.

The United Kingdom has one of the highest rates of labour utilisation in the OECD (Porter and Ketels, 2003), and the growth in utilisation has been the decisive factor enabling the country to begin to bridge the productivity gap. UK labour productivity growth has also been comparable to that in other advanced economies and a marked improvement on earlier decades. However, there remain gaps with many competitor nations. According to the OECD (2002a), the gap with the Netherlands per hour worked is 25%, with the United States 15%, France 11% and Germany 8%. Further analysis suggests that the United Kingdom particularly lags behind Germany and France in capital intensity (*i.e.* capital stock per worker) and to a lesser degree in labour force skills levels. The United States performs better on the share of highly skilled employees and France and Germany do better on intermediate skills. The DTI has recently referred to the paradox of UK prosperity increasing despite subdued productivity growth and little movement to close the productivity gap (DTI, 2003).

In the mid-1990s, the United Kingdom ranked at the bottom of the G7 industrial nations in terms of output per capita. Despite labour and capital market reforms, it failed to catch up with its competitor nations – for example, output per capita lagged behind the United States by as much as 40%.

In 1998, the McKinsey Global Institute (MGI) was asked to examine the reasons behind this shortfall (McKinsey, 1998). Their analysis concluded that, while the specific reasons varied by sector, a common thread was the negative effect of regulations governing product markets and land use on competitive behaviour, investment and pricing. In other cases, regulations prevented the adoption of best practices or rendered them uneconomic.

MGI's primary findings were:

- *Low competitive intensity:* Globalisation increased competition levels in some sectors, but regulatory constraints inhibited competition in others, particularly the service sector.
- *Regulatory barriers:* Product market and land use regulations hindered the domestic expansion of the most productive UK companies. As a result, the best operators tended to focus their efforts on increasing domestic margins or expanding internationally.
- *Spillover effect:* Low competitive intensity and productivity in one sector were often a primary cause of low productivity in another. For example, the low productivity of domestic car manufacturers adversely impacted supplier networks.
- *Managerial practice and skill:* In some cases neither regulatory nor macroeconomic factors prevented managers from adopting best practices. Opportunities existed for managers to push for productivity-enhancing changes that could also improve financial performance.

McKinsey's proposed solution was for the UK government to create a framework of commercial regulation, with incentives and penalties designed to encourage high competitive intensity. They argued that if regulatory and competitive barriers were removed, it would allow the best-performing UK companies to expand more rapidly, and create far stronger incentives for new and emerging companies to improve productivity and innovate.

Internationalisation and innovation

The United Kingdom's export performance has been strong over the last decade and has stayed relatively stable at around 5.2%, with increasing strengths in service exports.

In terms of innovation, UK performance is more disappointing. On the one hand the United Kingdom has a world-class science base and leads the G7 with papers published per head of population. However, there is a lower real spend per worker on R&D than most of the country's leading competitors, and the gap has widened since 1991. Patenting performance shows the United Kingdom ranks fifth, with a performance similar to France but below Canada, Germany, Japan and the United States. While UK performance has been improving, the same is true of its competition.

The UK business environment

Porter and Ketels (2003) have suggested that there are four elements to the microeconomic business environment:

- The context for firm strategy and rivalry.

- The quality of local demand.
- The presence of related and supporting industries, *e.g.* cluster development.
- The quality of factor input conditions, *e.g.* HR, capital resources and infrastructure.

Their analysis is that the weakest areas for the United Kingdom are:

- The physical infrastructure, *i.e.* the railways, ports and telecommunications.
- The educational and skills infrastructure, with relatively low spend per student and low skills attainment in the workforce.
- Low spend on research and development (R&D) and a worsening of the position of public R&D spend relative to GDP, with universities in the United Kingdom playing a much less prominent role in the commercialisation of their developments.
- The low level of the development and use of clusters in the UK economy, *i.e.* groups of interconnected companies, suppliers, service providers and associated institutions.
- Increasing divergence in regional prosperity and the absence of strong regional structures and institutions.

UK management capability

The United Kingdom is believed to be strong in some aspects of management, such as sophisticated marketing and branding, good supply chain management, high levels of professional versus family management and high levels of internationalisation. In contrast, it is relatively weaker in terms of low levels of capital stock, low investment in innovation, less likelihood of competing on unique value rather than cost, low uptake of modern management techniques and some evidence of a greater productivity gap in terms of manufacturing compared to the United States, Germany, France, Japan, Sweden and Finland.

Basic skills

The Moser Report (DfEE, 1999) highlighted concerns about the low levels of basic skills in the United Kingdom. The report argued that 19% of adults had low or very low levels of literacy and some 48% had low or very low levels of numeracy (*i.e.* below the level expected of an 11-year-old). Data from the OECD show Britain to be one of the worst-performing developed countries on this measure (OECD, 1997). Low levels of basic skills are thought to be linked to low levels of qualifications generally (Hillage *et al.*, 2000).

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Skill imbalances

Recent skills surveys (Hogarth, Wilson and Shury, 2004, Hillage *et al.*, 2002) indicate that employers experience persistent skill shortages and gaps (for precise definitions of these and other terms, see Chapter 1 in this volume). The most recent data suggest that while skill-related recruitment problems (skill shortages) affect a relatively low number of workplaces in the economy as a whole, where they do exist they can have a major impact on employing organisations, such as delaying the development of new products and services. One in ten employees is less than fully proficient in the job, so where skill gaps exist they inhibit organisational performance.

Several studies have looked at the benefits that accrue to individuals attaining higher skills – for example in the form of higher wages – and have explored whether this leads to enhanced individual and ultimately firm performance. The positive impact of higher skills has primarily been assessed in relation to years spent in education or at a qualifications level, and to a more limited extent to varying amounts of training. Importantly, there is also evidence that acquisition of skills during a working lifetime can bring benefits to the individual. Improving basic skills can improve labour market outcomes (Machin *et al.*, 2001; Bynner, *et al.*, 2001; Dearden, Reed and van Reenan., 2000; Blundell, Dearden and Meghir, 1996) and there is also evidence that training received from a current or previous employer can bring wage benefits, opportunities for career promotion and reduced likelihood of redundancy (Blundell *et al.*, 1999).

As summarised by Campbell (2000), "for those not in employment, skill acquisition can reduce labour market exclusion and unemployment by increasing employability and improving access to evolving job opportunities. For those already in work: acquiring skills can improve people's future job prospects and their earnings potential in the future".

Sectors particularly affected by skill shortage vacancies include wood and paper manufacture and construction, while communications and hotel and catering are the sectors most affected by skill gaps. Skill shortages mainly affect intermediate occupations such as skilled trades and associate professionals, while skill gaps are more common among lower-level occupations in sales and elementary occupations.

Moreover, the UK labour market is undergoing considerable changes as a result of shifts in three core areas: consumer demand, globalisation and ICT (Campbell, 2002). These drivers underlie fundamental changes in employment and the considerable growth in "qualification-rich" occupations – half of new jobs growth over the next decade will be at NVQ level 4.[6] They also underlie some of the growing importance of certain generic skills such as problem solving, IT skills and management skills.

Analysis of the problem

A number of key concepts have influenced government thinking and recent policy debates; these set a further context for the development of the pilots.

The knowledge economy

By the 1990s, the concept of the knowledge economy had become part of the policy rhetoric of governments across the advanced industrialised world, and in 1998 the United Kingdom embedded this concept in policy (DfEE, 1998; DTI, 1998).

There has been criticism that many who have used the concept have not fully developed it (Lloyd and Payne, 2002). Those promoting the notion appear to fall broadly into two main camps – those who emphasise the importance of competitiveness and innovation in economic success, and those who are mostly focused on a more equitable society with a better distribution of skills and a higher standard of working life and living. Opinion is also divided on the means to get there, between those who favour an American model of low regulation, innovation and dynamism, and those who favour a European model of a framework of social structures.

Low skill equilibria

The phrase "low skill equilibrium" was first used by Finegold and Soskice (1988) to describe their analysis of the United Kingdom as a economy where the majority of managers and workers were low-skilled and produced low-quality goods and services. Finegold and Soskice used the term to denote a self-reinforcing network of societal and state institutions interacting to prevent demand for increases in skill levels. This raises the question of how such equilibria are created and sustained; the concept has been further developed by others such as Keep and Mayhew (1999) and Wilson and Hogarth (2003). In the latter study the term was changed to "low skill trajectories" to capture the dynamic processes involved. The emphasis has also moved from product or service *quality* to *specification, i.e.* the market niche at which a product or service is aimed, and the degree to which there is unique added value and customisation. Organisations become locked into particular strategies because of a wide range of underlying factors such as:

- The structure of domestic markets.
- Short-termism in financial markets.
- A deregulated labour market.
- Weak social partnerships and employer networks.
- Lack of comparative data that are meaningful for organisations.
- Prevalence of cost containment models of competition.

UK policy responses

The government has tried various measures in response to concerns over the country's skills performance, including changes to the institutional framework, new strategic targets focusing more on demand than on supply-side issues and specific policy initiatives to raise either individual demand or employer involvement in training.

The discussion below concentrates on policy measures affecting workforce development, *i.e.* the skill acquisition of adults in employment, which is one-third of what can be seen as a three-pronged approach that also includes improving initial education (from early years to higher education) and improving access to the labour market to those not currently "active" (*e.g.* through welfare to work programmes).

1970s, 1980s and mid-1990s

The poor performance of the UK economy and the low skills base identified by McKinsey (1998) were not due to a lack of focus on either productivity or skills. From the late 1970s, UK public policy makers had repeatedly stressed the key role played by effective vocational education and training (VET) in securing national economic competitiveness. In an effort to crack "the skills problem", policy makers embarked on institutional reform. Two assumptions underpinned their basic approach. First, boosting the supply of skilled and educated labour holds the key to progress; second, "voluntarist" or "market-based" solutions offer the most effective means of getting employers to increase their investment in training.

Early casualties of structural reform were the Industrial Training Boards (ITBs), abolished in 1981, which had the power to raise a training levy on firms within their industry. They were replaced by National Training Organisations (NTOs), which adopted a voluntarist approach to training. Another casualty was the Manpower Services Commission (MSC), abolished in 1988 and replaced by a network of over 80 local Training and Enterprise Councils (TECs) responsible for funding and promoting training.

In 1991, alongside the TECs, the Conservative government launched the National Education and Training Targets (NETTs), a set of performance measures for the United Kingdom's VET system. It also launched a major initiative known as Investors to improve the focus and raise the standards of training and development within companies. The Standard was developed by the National Training Task Force in partnership with leading national businesses, personnel, professional and employee organisations such as the Confederation of British Industry (CBI), Trades Union Congress (TUC) and Institute of Personnel and Development (IPD). As at November 2003, 28% of the workforce were covered by organisations recognised as Investors in People.

Research evidence suggests that those companies that are accredited as Investors in People can be more successful than those that are not (Tamkin *et al.*, 2000), but that the causality and form of impact is unclear.

The late 1990s and beyond

With the incoming Labour government came a wave of further structural change; upskilling was seen as driving greater competitiveness and also as an engine for greater social inclusion. For example, the New Deal was launched in 1997 to help the unemployed (re-)integrate into the labour market. The programme included release from work for training. The right to time off from work to study for young people under 18 and not yet qualified to level 2 was an election manifesto promise introduced in 1999. However, research into the geography of the New Deal for Young People has demonstrated that its "work-first" approach has prevented the adoption of high-quality training (Sunley, Martin and Nativel, 2005).

In late February 1998, the government launched its vision of the United Kingdom as a "learning society" in a Green Paper entitled "The Learning Age: A Renaissance for a New Britain". This document could be seen as signalling a change in policy, towards a greater emphasis on trying to raise individual demand for taking part in learning activities. A number of concepts are reflected in the paper, including the belief that the country needed to move to a knowledge economy. In the Green Paper, the government proposed several priorities for public funding, such as basic skills courses provided free of charge at whatever age and targeting financial help for adults on those who need it most.

It was anticipated that proposals for a national system of individual learning accounts would allow people to take control of this investment in their own future. Although most of these principles have, to a greater or lesser extent, been implemented, individual learning accounts were abandoned in England in 2001 amid concerns about deadweight and fraud. New models have since been developed, for instance those being piloted in Wales.

Learning is described as a natural issue for partnership in the workplace between employers, employees and the latter's trade unions. The government proposed in the Green Paper to support projects in workplace education by establishing an "employee education development fund". The TUC's "Bargaining for Skills" initiative established a network of Union Learning Representatives with a remit to work with employers to improve training. In April 2003, Union Learning Representatives were given a statutory right to time off to pursue their duties. Further support has been provided to help trade unions become more engaged in learning in the workplace through the Union Learning Fund. The fund has led to an increase in workplace union learning representatives and some increase in workplace learning (Shaw *et al.*, 2002).

A further instalment in the continuing institutional reform came in 1999, with the Labour government's White Paper, *Learning to Succeed*. The TECs were abolished, along with the Further Education and Funding Council (FEFC), and replaced with a single funding body, the Learning and Skills Council (LSC), supported by 47 local Learning and Skills Councils (LLSCs) in England. The National Committee for the Education and Training Targets (NACETT), the government's advisory body overseeing the achievement of the targets, was also abolished.

The LSC, in operation since April 2001, is responsible for the funding, planning, management and quality assurance of all post-16 non-university education and government-supported training in England. It is also responsible for setting the national learning targets, and has a statutory duty to encourage participation in education and employer participation in the promotion of education and training. It is the largest non-governmental body, or "quango", in the country.

The most recent measures

The creation of a University for Industry (Ufi) in Autumn 2000 reflected the UK government's willingness to be at the forefront in the use of new technology for adult learning and skills. Ufi would provide information on courses, offer advice and provide flexibly delivered courses that meet learners' needs – whether full time or part time, through study at home, at work, or at a local learning centre. The evaluation of UfI by Tamkin *et al*. (2003) shows significant success in widening participation and attracting disadvantaged learners, but less impact to date on organisations.

In 2001, the Performance and Innovation Unit (PIU) of the Cabinet Office (now called the Strategy Unit [SU]), was commissioned by the Prime Minister to set out proposals for a strategic framework for adult workforce development. It sought to draw together the full range of new and existing institutions and initiatives into a coherent whole.

The first PIU report (Strategy Unit, 2001) set out a vision for the future. It proposed a strategy for a demand-led system for workforce development, shifting the emphasis of policy making from increasing supply to stimulating demand from employers and individuals, and meeting it with responsive provision. Thus this key report introduced the change to a more holistic focus on skills utilisation, and the role of employers.

The SU undertook a second phase of work (Strategy Unit, 2002) which maps out an action plan for the development of policy up to 2010:

- The launch of a new approach: the Employer Training Pilots.
- The announcements in the 2002 Spending Review of new, ambitious targets on skills.

- The commitment in the 2002 Spending Review to conducting a review of the funding of adult learning and to testing regional pooling of budgets for workforce development.[7]

Employer Training Pilots (ETPs)

Announced in the UK government's 2002 budget, the Employer Training Pilots (ETPs) are testing a major new policy approach designed to overcome barriers to workforce development, mainly the lack of time and cost.

Although ostensibly designed to overcome those two barriers, the pilots have at least two other implicit aims. First, they are focused on increasing the number of employees in the workforce qualified to level 2 – one of the sponsoring government departments' overall objectives set in the last spending review (see below). Secondly, training delivered under the programme is encouraged to be "employer-oriented", *i.e.* focused on identified skill gaps and delivered in a form and at a time that meets with workplace requirements.

There has been some criticism that the pilots cannot hope to impact on those businesses operating at the low-skill/low-added-value sector of the market (Wilson and Hogarth, 2003). But the UK government believes that the lack of impact will have minimal effect on the scheme as a whole. According to Ivan Lewis, Minister for Skills and Vocational Education:

> I think the number of companies caught in a LSEq is a very small minority. The majority need to invest in skills throughout the whole organisation, and we are going to have to stimulate the demand in some cases through schemes like the ETPs.[8]

Skills for Business Network

Up to that point the focus of institutional reform had been national and regional activity, but in 2002 the government launched the Skills for Business Network, another key partner in workforce development. The network consists of a number of new employer-led Sector Skills Councils (SSCs) supported and directed by the Sector Skills Development Agency (SSDA). The network replaces the National Training Organisations, which were generally felt not to have been very successful in engaging with employers. The remit of the Skills for Business Network includes the creation of a much more powerful role for employers in the skills agenda across the United Kingdom.[9]

The 2002 Spending Review

The Spending Review (HM Treasury, 2002) sets three key skills targets:

- Reduce by at least 40% the numbers of adults in the workforce who lack NVQ2 or equivalent qualifications by 2010. Working towards this, one

million adults already in the workforce are to achieve level 2 between 2003 and 2006.

- Improve the basic skill levels of 1.5 million adults between the launch in 2001 of Skills for Life (a programme of basic skills training) and 2007, with an interim target of 750 000 by 2004.
- At least 28% of young people should start on a Modern Apprenticeship (MA) in 2004 and vocational targets will be increased (including MAs for 2010).

It was announced that the subsequent review of funding for adult learning both inside and outside the FE system would look at how the funding could be more effectively deployed to:

- Provide incentives to employers to engage in training as part of their fundamental business development strategies.
- Cause institutions to be responsive to the needs of individuals and employers.
- Widen participation in learning by the low-skilled.
- Enable Regional Development Agencies (RDAs) to play a full and effective role in developing and implementing regional skills strategies.

The Spending Review also announced pilots in two or three regions whereby budgets for workforce development are pooled at regional level to promote joint working and enhance the role of skills in regional strategies for economic development.

The Skills Strategy White Paper

The new balance between individual and employer needs is further reflected in the aim of the Skills Strategy White Paper published in July 2003 (DfES, DTI and HMT, 2003), which is to ensure that the employers have the right skills to support the success of their businesses, and individuals have the skills they need to be both employable and personally fulfilled.

Despite major improvements since 1997, the perceived skills gap with competitor countries at basic skills and intermediate skills levels remains stubbornly persistent. Improving the level of skills, particularly among those with the lowest levels, is a focus of the government's agenda for enhancing productivity in the United Kingdom. The new strategy is not predominantly about new initiatives. It aims to make more use of what is already there, integrating what already exists and focusing it more effectively.

The White Paper proposes to improve choice for employers, provide better information, improve management training and development, improve support, and expand the network of union learning representatives. For individual learners, there is a guarantee of free tuition for any adult without a

level 2 qualifications, increased support for level 3 qualification where needed, and better information, advice and help in the acquisition of ICT skills.

It is anticipated that a major reform of the supply and delivery of publicly funded education and training is needed. The White Paper states that the qualifications framework will be reformed, so that it becomes more flexible and responsive to the needs of employers and learners. At the time of writing, proposals were still to be finalised.

As part of the attempt to further ensure that activity is coherent, the government intends to form a national Skills Alliance, bringing together the key government departments with employer and union representatives as a new social partnership, and linking the key delivery agencies in a concerted drive to raise skills. Finally, at regional level, the work of the Regional Development Agencies (RDAs), the SSCs network, the Small Business Service, the LSC and JobCentre Plus (the United Kingdom's public employment service) will be co-ordinated with the RDA in each region to develop innovative proposals for effective collaboration. The focus will be on simplifying the system for employers and learners, improving value for money, raising aspirations and responding to local and regional skills needs.

The White Paper also foresees the development of a national employer training programme, as yet unspecified but expected to draw on the lessons from the Employer Training Pilots and other (smaller) experimental programmes.

Skills for employers

In 2004, the DfES launched a website for employers. Entitled Skills for Employers, it is described as "dedicated to help you as an employer make better informed decisions about training your employees and developing your business by investing in your workforce. It provides a range of information on skills, including information on policy, on initiatives and on the support available for training; a section for training providers; a news section on latest developments; and links to other useful sites.

Centres of Vocational Excellence

The CoVE programme has been set up to address the need for vocational skills by establishing a network of high-quality centres in the Further Education and Training sector (the objective is 400 centres by 2006), focusing on the delivery of vocational skills training in specific vocational areas. CoVEs are expected to work closely with employers to meet both current and future skills needs.

The UK labour market

Against the backdrop of competitiveness concerns and issues, there are enduring noteworthy national trends in debates on skills.

The last twenty years have seen the continuation of one such trend in occupational structure: the growth of management and professional/associate professional roles, and a commensurate reduction in skilled trades, elementary occupations and (to a lesser extent), process plant and machine operators. There has also been a reduction in sales and customer services occupations. Forecasts are that these trends will continue.

This has resulted in a situation where some 40% of the workforce are in higher order occupations (managers, professionals and associate professionals) and 20% in lower order occupations (elementary and plant operators). Such information can be seen to fuel the view of the United Kingdom needing to trade on its position as a knowledge economy, as mentioned earlier.

These national trends in occupation are reflected by similar trends in sectoral employment. There has been a steady decline in manufacturing sector employment, offset by increases nationally in service industries, banking and finance, public administration and import and commercial sectors. There have been smaller increases in construction.

The United Kingdom has a very high rate of labour market engagement, as illustrated by a dramatic decline in UK unemployment rates for all occupations since 1992. Rates remain highest for semi-skilled and unskilled occupations such as elementary occupations and plant and machine operators (9% and 6%, respectively). Other occupations with higher than average levels include sales occupations (5.7%) and crafts and related occupations (4.9%). The latter especially has seen a considerable fall in unemployment rates, from just over 16% in 1992 – the highest occupational group for that year – to just under 4% in 2001.

Despite the evidence of low-skill attainment measured by qualification levels, the United Kingdom has had consistently high proportions of employers providing job-related training since 1995 (Spilsbury, 2001). For all but the smallest-scale employer, these approach 100% and even among smaller-scale employers (one to 24 employees) nearly 90% provide some form of training (see Table 4.1).

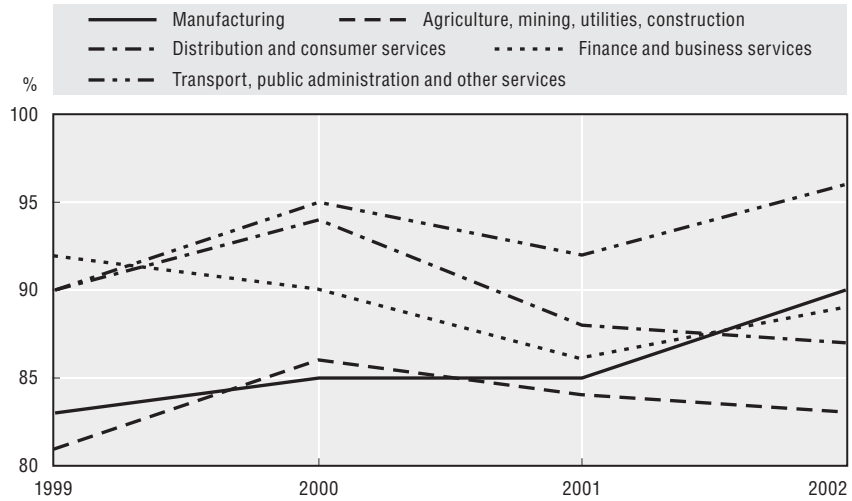
A sectoral distribution suggests that the most likely trainers are from the transport and public administration sectors, followed by finance and business services. Manufacturing has traditionally been a relatively low training sector, but 2002 figures were higher and exceeded distribution and consumer services (see Figure 4.1).

Table 4.1. **Percentage of employers providing some form of training, by size**

Size of employer	1999	2000	2001	2002
5-24	87	90	86	88
25-99	95	97	95	96
100-199	97	99	99	99
200-499	99	100	98	99
500+	99	100	99	99

Source: DfES, *Learning and Training at Work*, 2002.

Figure 4.1. **Percentage of employers providing some form of training, by sector**

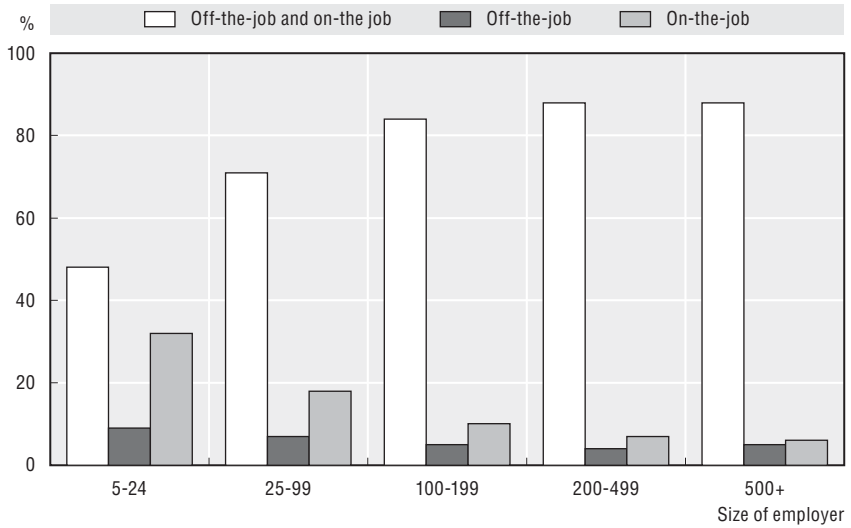


Source: DfES, *Learning and Training at Work*, 2002.

Around half of the organisations surveyed, regardless of sector or region, provide both on-the-job and off-the-job training. This varies according to size; around half of the small-scale employers (one to 24 employees) and nearly 90% of those with more than 200 staff provide both forms of training. A further fifth to a third of employers across sectors and regions only provide on-the-job training. Again there is significant variation by size: around a third of small-scale employers do so compared with only 6% or 7% of employers with more than 200 employees (see Figure 4.2).

Measures of individual participation in learning might be expected to give a more accurate picture of training intensity *i.e.* the *amount* of training going on rather than the *incidence*. According to the Labour Force Survey data (Spring 2002), 14.6% of people of working age have been actively engaged in

Figure 4.2. **Percentage of employers providing training, by kind of training and size**



Source: DfES, Learning and Training at Work, 2002.

job-related training (which includes both on- and off-the-job training) in the four weeks preceding the Survey compared to 13.4% in Spring 1997.

Similarly, the National Adult Learners Survey (NALS) has shown increases in overall participation rate for those of working age. Rates are much higher as the NALS definition of learning is broader and the reference period covered much longer (up to three years) and have risen slightly from 74% in 1997 to 76% in 2001.

The overall picture suggests that learning and training activities among adults have increased slightly since the late 1990s, although the distribution has changed little with most training undertaken by those in higher level occupations and/or with higher levels of qualifications.

The Derbyshire labour market

Derbyshire is a mixed urban and rural county in the East Midlands (see Figure 4.3). It has significant areas of sparse population, particularly the High Peak and Derbyshire Dales districts. In contrast there are also areas of significant urban development – in particular Derby City, with a population of 222 000, 23% of the county's overall population. Derby City also has the most significant minority ethnic populations in the county, although across the county the relative number of people from minority ethnic communities is low.

Compared to the national picture, slightly fewer employees are in higher order occupations (35% in the Derbyshire workforce compared to 40% nationally). Slightly higher percentages are in lower order occupations (25% in Derbyshire compared to 20% nationally).

Figure 4.3. **Map of the United Kingdom showing Derbyshire**



By number of employees, the largest sectors in Derbyshire are manufacturing, public administration, education and health and distribution, hotels and restaurants. Derbyshire and the East Midlands have a significantly higher percentage of employment in the manufacturing sector (24% in Derbyshire, 21% in the East Midlands and 15% in England as of May 2003) and a proportionally lower percentage in banking and finance.

Regional comparisons show an enduring north/south divide with London being significantly above average and the east and South East regions also above other regions in the country. Of the UK devolved administrations, Wales and Northern Ireland have lower GDP rates per head than any English region, whereas Scotland achieves GDP rates somewhere between those of the south and eastern regions of England and the rest of the country. GDP per head is lower in the East Midlands than the UK average, but the region – while not matching London or the South East or East – is performing better than other English regions.

Economic activity rates for the East Midlands and Derbyshire are slightly above the UK average for men (1-2% above UK rates) and slightly higher for women (2-3%). Unemployment levels in Derbyshire are slightly below the national average and, while there are pockets of deprivation (some 20 wards are among the 10% most deprived in the country), there are also fewer areas of relative affluence.

Generally, unemployment rates for all occupational groups are lower in the East Midlands than for the United Kingdom as a whole, and follow similar trends. As might be expected, economic activity rates tend to be higher, although the differences are often small.

Interestingly, regional data suggest that those regions with the highest GDP per head are those with the lowest levels of training: London, the East and the South-East, with between 85% and 90% of employers providing any job-related training. The North West, North East, South West and East Midlands achieve proportions of between 90% and 95%.[10] This data is taken from the Learning and Training at Work Survey, 2002, which specifically asks respondents if *any* on-the-job or off-the-job training has taken place at the responding establishment in the last 12 months. This is not a question about the quantity of training provided or any assessment of the proportion of staff being trained, but rather an assessment as to whether the employer has provided *any* training to *any* employee in the previous 12 months. Figures have been consistently high across all tranches of the survey. In essence an employer only has to provide one hour of on-the-job training to a single employee to be able to answer yes to the question.

The East Midlands has been able to maintain its high levels of training unlike other UK regions where there has tended to be a slight drop over the past three to four years. In 2002 some 94% of East Midlands employers were offering some form of training, a level only exceeded in the South West. However, there is a less positive picture with regard to regular training activity. Recent employer surveys indicate that only 51% of Derbyshire employers (almost 16 000) regularly offer training in the workplace.

Data on levels of qualifications from the Labour Force Survey (LFS) show that the population in Derbyshire and the East Midlands are slightly less well qualified than the English average and lag behind other English regions. Data from 2001 show that some 63% are qualified to at least level 2 compared to 68% for England; some 42% are qualified to at least level 3 compared to the 46% English average; and 23% are qualified to at least level 4 versus 27% for England as a whole. Data for 2002 show a slight increase. Derbyshire has a higher than national and regional average of the economically active population with low or no qualifications: 6.8% compared to 4.4% nationally and 5% regionally. These findings are in line with the slight shift towards lower order occupations in the area.

Although qualification levels can be seen to be slightly lower than the national average, data from the Employer Skills Surveys of 2000 and 2001 show that employers in the East Midlands do not report many hard to fill or skill shortage vacancies. For skill shortage vacancies, Derbyshire ranks 44th out of 47 local LSCs, with only 1.3% of employers reporting such vacancies – well below the national average of 8%. Of all firms recruiting, 20% experienced difficulties recruiting people for elementary jobs.

While Derbyshire (and the East Midlands more generally) performs well by some measures in a national context, there are other areas that could warrant further attention and policy intervention. For instance, while unemployment levels are lower than the national average and economic activity higher, a slightly higher proportion of the workforce in Derbyshire and the East Midlands work in lower skilled jobs and the population is less qualified than the national average, with a higher proportion of the economically active population having low or no qualifications. The low-qualified are less likely to receive training and so be provided with the foundations to progress in their careers and retain employment. Initiatives like ETP have been developed to begin to tackle the barriers to workforce development that might be giving rise to this situation and to help to overcome the education inequalities.

Employer Training Pilots

Background and key features

The pilots were initially established in six English Learning and Skill Council areas in September 2002; the aim was to test their effectiveness in stimulating additional work-based training leading to improved skills and qualifications for low-skilled employees. The idea is to engage with employers or employees who do not normally get involved with qualifications-based training. The pilots are administered by local LSCs in partnership with local Business Links and other agencies, and were originally planned to last a year. They offer training with registered providers leading to either NVQ level 2 (or equivalent), or basic skills for employees not already qualified to level 2. The offer comprises four elements: 1) free or subsidised training,[11] 2) paid time off for training, 3) wage compensation (paid to employers for the time employees spend training at different rates per pilot area), and 4) information, advice and guidance to employers and employees.

In the Pre-Budget Report in November 2002, it was announced that the original six pilots would be extended in both duration and coverage.

In 2003, a "nil compensation" model was added (*i.e.* employers were not compensated for the time their employees spent training). Testing different policy options in different areas is designed to help establish which aspects of

the policy (free training, wage compensation, etc.) have most influence on workplace training practice. In addition, those running each pilot have had relative freedom in choosing how to set up and market the scheme. For example, five out of the six original pilots created their own brand name and brand image for the scheme. There was also considerable initial variation in the processes used for engagement and contracting. This variation has diminished over time but there are still differences among the pilot sites.

The origins of the pilots lie in the strategic review of workforce development carried out by the Government's Strategy Unit (2001), described earlier. The report argued that tackling skills deficits should be a top priority and the "long term aim should be to ensure all adults have the opportunity to achieve a level 2 qualification".

In particular the report advocated a more "demand-led" system, in part based on:

- Empowering individuals and employers to increase their demand for workforce development, for example by placing purchasing power directly in their hands.
- Helping employers, particularly small employers, to develop business strategies that drive up demand for workforce development.
- Tackling the barriers of time and money that prevent individuals from taking up opportunities.

It is this last point that is directly addressed by the pilots within the context of the general requirement to develop a more "demand-led" system.

There are a number of key features in the approach adopted by those running the pilots, including tackling time and cost. The pilots compensate employers with variable amounts (see Table 4.3) for the time employees spend directly on training (up to a maximum of 35 or 70 hours, depending on the area). Moreover, the training must lead to a qualification in basic skills or NVQ level 2 (or equivalent). Initially these targets were mutually exclusive. However, the pilots soon found low take-up of basic skills training (as employers and employees did not recognise, or wish to acknowledge, need) and in some cases basic skill needs manifested themselves while a learner was undertaking a level 2 qualification. The rules were changed to allow learners to do both level 2 and basic skills training if required.

Additionally, ETPs are demand-led. In other words, training is led primarily by the employer rather than the employee. The initial approach (from the intermediaries involved in "selling" participation) is to go through the employer. The employer has to agree to take part and that their employees can participate. Wage compensation (see Table 4.3) is paid to the employer and the employer is influential in choosing which course employees take within

Table 4.2. **Old and new pilot areas**

LSC area	Level of age compensation (percentage of pay,* by size of firm)			Time off (hrs)
	Small (under 50)	Medium (50 to 249)	Large (250 or over)	
Old pilots (started September 2002)				
Greater Manchester	150	120	75	35
Derbyshire	130	100	50	35
Essex	110	75	0	35
Tyne and Wear	150	120	75	70
Wiltshire and Swindon	130	100	50	70
Birmingham and Solihull	110	75	0	70
New pilots (started September 2003)				
Shropshire	150	120	75	35
Leicestershire	130	100	50	35
Kent	0	0	0	35
East London	150	120	75	70
Berkshire	130	100	50	70
South Yorkshire	110	75	0	70

* Up to a maximum of GBP 60 a day.
Source: DfES, DTI and HMT, 2003.

the confines of the scheme (although employees do generally have a free choice over whether they want to take part or not).

The scheme features brokered interaction between employer and provider. Each pilot employs a number of "brokers", *i.e.* advisers who visit interested employers at an early stage to assess their and their employees' eligibility and training needs and then bring in appropriate training providers for the employer to approve. In some cases brokers provide ongoing support to the employer to maximise the benefits of the training.

A further feature is the "assess/train/assess" model of training. This is based around a process of assessing levels of competence against the standards for the occupational area, identifying skill gaps and providing training to fill those gaps, and then a further assessment to confirm competence and attain the qualification standard. This model is thought to be particularly efficient and therefore quicker and cheaper to deliver, as it applies to employees already competently doing most of the areas of work covered by a qualification.

Finally, ETP training is characterised by flexible provision. It is designed to be delivered at a time and place that is most convenient to the employer and employee. This flexibility is highly valued by employers but requires new approaches on behalf of the providers, most of whom are used to delivering training on their own premises and timescales.

Linkage with other policies

The pilots are designed to feed into future policy on the development of workforce skills, the main structure of which was outlined in the UK government's *Skills Strategy*, published in July 2003 (DfES, DTI and HMT, 2003). The strategy reaffirms the importance attached to improving basic skills and attainment of level 2 qualifications among the existing workforce, and states that the pilots will "inform the national development of future national programmes to support skills training". Such a programme is likely to be required to meet the government target of a reduction by 3 million in the number of persons not qualified to level 2 by 2010.

The pilots run alongside a range of other initiatives that seek to provide support for training in basic skills in the workplace, such as *Skills for Life*, or to provide targeted support for particular sectors, regions or types of firms funded through the European Social Fund. Other aspects of UK government policy towards skill development differ from the pilots in key respects. For example, the New Deal generally focuses on the unemployed rather than those in employment, Modern Apprenticeships are primarily aimed at young people (although the cutoff at 24 years of age has recently been lifted), and the University for Industry mainly provides electronically delivered distance learning in "bite-sized" units, which rarely leads to a qualification at level 2 or above.

ETP in Derbyshire

Setting up ETP

There have been attempts to ensure that ETP is linked with other national initiatives, but because of its pilot nature this has not been fully realised. In the course of the research in Derbyshire, the authors examined the relationship with three other policy bodies: Government Office East Midlands (GOEM); Regional Development Agencies (RDAs) responsible for regional skills development; and Business Link. ETP has not yet been fully integrated with RDAs, whereas Business Link is a key delivery partner.

GOEM explained that their role was to represent national policy at a regional level but not to generate regional initiatives. They tend to be more socially oriented in their activities, and to act as an intermediary between local issues and national government. ETP is an initiative that they have not been closely associated with.

RDAs are public bodies with a primary role as strategic drivers of regional economic development, established under the Regional Development Agencies Act 1998 and formally launched in eight English regions on 1 April 1999. RDAs aim to co-ordinate regional economic development and regeneration so as to enable the English regions to improve their relative

competitiveness and reduce the imbalance that exists within and between regions. One of their statutory purposes is "to enhance development and application of skills relevant to employment". They are expected to work with regional partners in the development of a regional skills action plan to ensure that skills training matches the needs of the labour market. There are nine RDAs across England. The East Midlands RDA has developed a regional economic strategy aiming to place that region among the leading 20 in Europe (the East Midlands currently stands at 35th); learning and skills are considered to be one of the key drivers. The RDA is working with a number of local agencies and institutions interested in these issues, *e.g.* Business Links, JobCentre Plus, colleges and universities. These key partners are tasked with developing a regional vision, the FRESA (Framework for Regional Employment and Skills).

In the East Midlands, the RDA sees level 3 as a priority rather than level 2, which is the focus of ETP, but it is hoped that the pilots will feed through into a greater interest in learning at higher levels. When ETP is launched nationally it will become part of the FRESA, but at the moment the focus is on high level skills and providing knowledge transfer through universities. The East Midlands RDA has undertaken a major review of all the targets of the various partners in the skills area and feel there is overlap that will need to be resolved to facilitate progress.

Business Link (BL), mentioned earlier, is a business support agency funded in part by the Small Business Service via the RDA. Under their "workforce development initiative" they also receive funding under the ESF and the ETP projects and from the LSC. Business Link has a key role in the operation of the pilots in Derbyshire (where it had two separate offices that were subsequently merged into one organisation): it provides learning advisers to engage employers and act as intermediaries with training providers. The advisers operate as "honest brokers" both by seeking to find a provider that best meets business needs and by integrating ETP with other initiatives on workforce development. The ETP project constitutes some 12% of the Business Link budget in Derbyshire.

The pilot in Derbyshire is run by the local Learning and Skills Council in conjunction with the local Business Link organisation, and is marketed under the name *Valu£able Skills*. It offers a mid-range level of wage compensation varying between 130% of the nominal wage costs of learners taking part from small firms (with under 50 employers) and 50% of the nominal wage costs of those from larger firms (with over 250 employees). Employers are compensated for up to a maximum of 35 hours of training that takes employees away from their normal duties. As in all areas the training is limited to working to a basic skills or an NVQ level 2 qualification, and only employees not previously qualified to level 2 are eligible.

Marketing was contracted out to an external marketing team that devised the brand identity for the pilot. The company deliberately set out to use strong bold colours and to create an identity that was very different to existing LSC materials. The initial approach was based on building this strong brand, and targeting "hard to reach" employers and those with identified training gaps. Derbyshire also initially avoided sectors where legislation required NVQ level 2 training (*e.g.* care or construction). Their initial (and to a large degree ongoing) approach has been "pure", *i.e.* close to the initial vision of the pilot.

A very wide range of marketing approaches was used. The reality was that despite these efforts the events were poorly attended. Subsequently, the LSC and Business Link have found that face-to-face contact and/or telesales work better, although lead conversion has been low to date.

Employer enquiries are directed to a free phone number that comes through to a call centre operated by the local Business Link (BL). At the initial enquiry point employers are assessed to find out if they were eligible to participate in the training pilots. Expression of interest forms are completed and referred on to the LSC or BL, depending upon the size of the company (LSC is dealing with large and BL with small and medium organisations).

In all the pilots, brokers – called "learning advisors" in Derbyshire – employed by Business Link visit employers to discuss who and how many are interested. The advisers help employers choose providers. The training provider then discusses with the individual company a suitable training package. The LSC contracts with the training provider for the delivery of the training and with the employer for the wage compensation.

The Derbyshire LSC also contracted with 13 providers initially (four colleges, one adult community learning provider and eight private work-based learning providers) to recruit employers directly. For the second year of the pilot, the number (and range) of providers have been expanded from 13 to 28. Recruiting providers receive monetary support (a block grant for the largest providers and an allowance per recruited employee for the others) from the LSC to help with marketing.

In the first year, Business Link (BL) and the recruiting providers (RPs) both shared responsibility for recruiting private sector employers with less than 50 employees. The results indicated about 60% of sign-ups came through Business Link, and around 40% through the recruiting providers.

To date, the emphasis of Business Link has been on the "hard to reach". The agency has tended to recruit smaller employers and those who have not previously undertaken training. The Business Link team have offered an honest broker role in contrast to the predominately commercial approach of providers.

The LSC had lead responsibility for recruiting employers from the public sector, the voluntary sector and charities, irrespective of size, as well as private sector employers with a staff of more than 250. In the second year, the recruiting providers now compete with BL for business across all sectors and sizes. The LSC no longer do any recruitment themselves.

Employer participation

The success of the pilots in terms of improving the skills of the low-qualified hinges on the ability of the pilot areas to attract employers into the scheme who would not otherwise have provided this kind of training, and through them to successfully assist individuals in acquiring the relevant qualifications. The evaluation has shown that take-up varies considerably among the six pilot areas, with Derbyshire having relatively low take-up at the end of the first year (nearly 7% of total participation across the six initial areas). Derbyshire has a slightly higher proportion of larger employers than the rest of the case studies (see Table 4.3).

Table 4.3. **ETP employer participants by size (percentages)**

Size (No. of employees)	Participant breakdown	
	Derbyshire	All pilots
1-49	72.0	70.3
50-249	16.8	21.1
250+	11.2	8.6
N =	*214*	*3 114*

Source: Institute for Employment Studies (IES).

It should be borne in mind that the size of the pilot areas – and therefore of the pool of available employers – also varies. To take this into account provisional penetration rates are calculated based on the proportion of local employers engaged in the pilot. On this basis Derbyshire has still achieved lower penetration than some of the other pilots (see Box 4.1).

ETP has not been evenly attractive across all sectors. Overall, the pilots have found that employers from the health and social work sector have participated in much higher numbers, reflecting the UK regulatory push in the care sector to increase the level of employee qualifications. In this regard Derbyshire has experienced a lower engagement with the care sector than other pilots, due to the marketing approach adopted. In contrast Derbyshire has above average representation from the manufacturing sector, which in part reflects the higher proportions of employers from this sector in the area (see Table 4.4).

Box 4.1. **ETP employer penetration rates**

Table 4.4 shows a crude estimate of ETP employer penetration, *i.e.* the number of ETP employers as a proportion of all employers in the pilot area.

Method

The rates are calculated from the number of ETP employers taken from the August Management Information data. The overall number of employers is taken from the Inter-Departmental Business Register (IDBR). The IDBR is the most comprehensive source of employer data, but includes sole traders and some other employers excluded from ETP participation. The estimate of the penetration rate is therefore lower than it should be (because the base is too large). It should also be noted that the rate provided is in effect a "gross penetration rate", in that it does not take into account that a certain proportion of workplaces do not include employees who are eligible for the ETP, and so these are firms who could not sign up.

Results

The overall picture emerging from the employer penetration rates is that a higher proportion of large firms in each area have signed up than small firms. Wiltshire & Swindon and Essex, have the highest penetration rates at all firm sizes. Birmingham & Solihull has the lowest.

Table 4.4. **ETP employer penetration rates, August 2003 (%)**

	Total	Small	Medium	Large
Birmingham ans Solihull	0.5	0.4	2.3	4.9
Derbyshire	0.7	0.5	3.6	17.8
Essex	2.0	1.5	13.3	51.9
Greater Manchester	1.0	0.7	7.3	12.7
Tyne and Wear	1.2	0.8	7.6	11.7
Wiltshire and Swindon	2.1	1.6	13.1	32.8
TOTAL	1.3	0.9	7.7	19.6

In measuring the success of the initiative it is important to ensure that the employers who do participate in ETP are not those who would have undertaken the training anyway and merely used the subsidy available to help them do so. A measure of this is to find the proportions of participating organisations that might be considered "hard to reach" as they have not previously worked with key government training and business support agencies. Around 44% of the overall sample had no contact with any of the main government agencies before (such as the LSC or Business Link) and a slightly higher proportion within Derbyshire at 46% (see Table 4.5).

Table 4.5. **ETP employer participants by sector (percentages)**

Sector	Derbyshire	All pilots
Primary and construction	7.8	3.1
Manufacturing	32.2	17.8
Distribution	18.9	18.8
Finance and business services	4.4	9.0
Education and public admin	4.4	7.2
Health and social work	27.8	38.6
Other services	4.4	5.4
N =	*90*	*1 069*

Source: IES/MORI ETP employer survey, 2003.

Table 4.6. **ETP employers involved with business support agencies (percentages)**

Agency	Derbyshire	All pilots
Business Link	25.6	36.5
Learning and Skills Councils	28.9	26.3
Training and Enterprise Council (TEC)	22.2	17.8
Small Business Service	1.1	3.9
Other	5.6	3.3
None of the above	45.6	44.2
N =	*90*	*1 069*

Note: Multiple responses allowed.
Source: IES/MORI ETP employer survey, 2003.

One measure of the possible attitude of employers to training is the level of representation of those that have achieved Investor in People status. The take-up of Investors is much higher than average at about 32% across all the pilots (currently around 16% of all employers have achieved the award according to data from the LSC's forthcoming National Employers Survey). In Derbyshire it is lower than the pilots as a whole at 23%, but still higher than the national average.

In the survey work the authors asked employers several questions regarding their general approach to training, to get a measure of how strategic they are (using a standardised methodology developed by Kitchen and Blackburn, 2001). Derbyshire employers are slightly more likely to say they had a strategic approach to training than all other employers engaged in the pilots. There is some evidence from other parts of the evaluation that during the course of their involvement with the pilots, employers become more likely to see the value of training their lower-skilled employees.

Visits to employers confirmed their appreciation of the scheme. On the whole ETP is felt to deliver skills that are important to the business and to

Box 4.2. **Case studies of employers**

Remploy is a national organisation employing some 10 000 people with various disabilities across the United Kingdom. The Derby site manufactures headrests for cars and competes for this work with other providers. It has the advantage of a government subsidy, but that subsidy has been held constant over the last six years and there are therefore increasing competitive pressures on the organisation.

The site became involved with ETP when each unit (there are 86) was directed by Remploy headquarters to set up its own learning centre. In Derby, the authors' interviewee contacted the LSC to ask advice on how to do this and received information on *Valu£able Skills*.

Remploy is currently training 40 people in English as a Second Language (ESOL) and 6 people in basic skills at the Derby site. In addition, nine employees are pursuing Performance Management Operations (PMO) NVQ 2. This means the majority of people in the factory are now involved in ETP training. Initially Derby LSC arranged for a "learning bus" to come to the factory for people to try out various packages; the offer was opened to everyone. The only employees not taking part are those who are due to retire. Prior to using ETP, this employer had trained significantly less staff (seven to eight employees each year).

The view of the co-ordinator was that the pilot had been "really marvellous" and the factory manager described it as "a dream come true". Production figures have gone up some 30%, absence rates have halved (from 14% down to 7%). The factory manager found that communication levels had increased among staff, and that many could now read, write and speak English. Attitudes to work and to colleagues were felt to have improved significantly and a team spirit had become visible. Moreover, Derby has been nominated for a Remploy "site of the year" competition, an internal recognition scheme. This employer's engagement within ETP was positive from the onset and it wishes to ensure that all employees reach a recognised qualification over the next two years. The co-ordinator strongly believes that the training offered under ETP adequately responds the organisation's needs.

Remploy management was highly satisfied with their ETP provider, which proved flexible in terms of delivery and provided one-to-one training in a few cases.

Learners were also pleased with the scheme and found the benefits to apply beyond work; one female employee argued that it increased her autonomy as she felt more confident at being able to converse in shops, etc. Learners perceived that people talked to each other more.

Box 4.2. **Case studies of employers** *(cont.)*

Care home – 44 residents, 38 employees. Care homes are generally overrepresented among employers participating in ETP because of the legislative push in the United Kingdom to have staff qualified to NVQ level 2. This home had 17 care assistants on the scheme, and for them covering the cost of training was the most important factor in attracting them to ETP. They felt that the subsidy would enable them to go on to offer NVQ level 3 training.

The management's motivation for taking part in the scheme was not only about the legislative drive for qualifications in the care sector but also about a desire to reward their workforce. It wanted to offer them every opportunity to better themselves and felt that this would provide benefits for the organisation too, as there was scope for career promotion. This employer does not generally experience a large staff turnover, so there were no concerns that upskilling would result in people leaving.

The training takes place offsite over eight weeks on day release with the provider coming into the home for assessments. The management feels that the response has been mixed, some employees have progressed well but one or two have struggled. It believed the training had been very valuable, participants were learning something new, and the experience had provoked lots of thought and discussion. It wanted to encourage staff to go on to an NVQ 3.

The employees interviewed very enthusiastic about the scheme. They argued that now that the training was over, they missed the weekly sessions that had given them the opportunity of talking to people from other care homes. They felt the NVQ was very relevant to their needs and gave them the opportunity to step back and think about what they were doing. They felt that as a result, they were doing their job differently and managed to deal with conflict as they had gained confidence. For example, when constructing care plans, they are now more likely to put information on paper, and when in conflict with a resident they know when to walk away rather than get embroiled in an emotional exchange. These employees were worried initially that training under the ETP would be too difficult for them but had not found it to be so in practice. Their overall impression was that they had learned much about each other as colleagues, which in turn made teamwork easier.

Manufacturer – A medium-sized plastic binder and folder manufacturer of long standing (it has been operating for 26 years).

The organisation has several national and international competitors and described its market as very competitive. It has positioned itself as a quality producer. Staff also seemed committed and keen: the HR manager commented that people take work home and put in their own time. The company is a regular trainer. At the time of the interview, it was reported that several members of staff where undertaking modern apprenticeships, others NVQs; moreover, it has a policy of always training employers aged under 25.

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Box 4.2. **Case studies of employers** *(cont.)*

The company was contacted by the LSC regarding ETP, a timely conversation as they were just thinking of creating a group of team leaders. Especially attractive were the provisions of training in the workplace and personal support. They found the support of the LSC invaluable and the wage compensation element was also very important to them: it meant they could give employees time at work to study for the qualification. They had been interested in providing NVQ training before being informed about ETP but could not afford to finance it themselves at that point, having just purchased major new equipment and an IT system.

The HR manager drew up a support plan and spent a considerable amount of time persuading employees to take part and dealing with their concerns over the qualification. Management expected several benefits from participating in the ETP: it would demonstrate that they were promoting and encouraging staff, and it would help break down hierarchical divides in the organisation.

Management argued that the team leader qualification is highly relevant to the company's HR needs, and that participants' communications skills have improved. It noticed that the team leaders were now more likely to focus on impact rather than immediate effects, and displayed better interpersonal skills as a result of being empowered through the training course.

Two employees interviewed reported that the scheme had been daunting and difficult to fit into their daily work/life routines. They were however very enthusiastic about their experience; they felt it had opened their eyes as to how to deal with people. Both were quite keen to go on to other vocational or academic qualifications that would enable them to explore a subject in greater depth.

enable many employers to provide training that they would not otherwise have provided. Some example case studies are given in Box 4.2.

Employee participation

Data gathered for the evaluation show that the majority of the learners are:

- **Female:** across the six pilots, 55% of leavers are women, although the pattern is not universal. In Derbyshire, only 34% of the learners on the database are women, reflecting the sectoral composition of the employer participants (they are more likely to be involved in manufacturing activities).

- **White British:** eighty-nine per cent of all learners are white British, and 7% are non-white (the others are mainly from another white background, including white Irish). On the basis of the proportion of ethnic minorities in the working population in each area (according to LFS data), the pilots appear to be attracting an average involvement from this group.
- **Aged between 26 and 45:** around 12% are aged between 18 and 25, 27% between 26 and 35, 32% between 36 and 45, 21% between 46 and 55, and 8% aged over 55. ETP learners therefore appear to be older than those normally engaged with job-related training (Hillage *et al.*, 2000).
- **Working full-time:** just over three-quarters of all learners on the database work full time, a pattern broadly repeated across the pilots.
- **Employed in lower-skilled jobs:** over three-quarters of the learners on the MI database[12] work in relatively low-skilled jobs, with 35% in personal service occupations (typically care assistants), 19% in process plant and machine operator jobs, 16% in elementary occupations, and 7% in sales and customer service occupations. In the middle of the skills scale, 10% work in skilled trades, 6% work in secretarial or administrative occupations, and 2% are associate professionals. At the top end of the occupational hierarchy, over 4% of the ETP learners are managers or professionals. In Derbyshire 68% of the learners on the database are in low-skilled jobs.
- **Employed in small and medium-sized workplaces:** some 40% of ETP learners work in establishments with fewer than 50 employees, a further 30% work in workplaces with between 50 and 249 employees, and the remaining 30 % in sites with 250 or more employees.
- **With their employer for between one and five years:** some 25 % of learners in the survey had under a year's service, 50% had between one and five years' service, 20% had worked for their employer for between six and fifteen years and five% had been with the same employer for over fifteen years.
- **Not members of a trade union:** only 18% of learners on the database are members of a trade union, although there is marked variation by pilot area. In Derbyshire (where a higher than average proportion of employer participants are in manufacturing), 34% of learners are union members.
- **Earning around GBP 6 (EUR 9) an hour:** the average hourly wage of the learners in our survey was GBP 6.15 an hour – varying between GBP 5.13 in Tyne & Wear and GBP 7.40 in Derbyshire – perhaps reflecting the different sectoral distribution of the employers involved. Male ETP learners (with an average hourly rate of GBP 7.42) in the survey earned an average of over GBP 2 an hour more than women (GBP 5.53 an hour).

Generally, ETP participants left school early and only one-third had a positive view of their educational experience. However, they tend to be fairly positive and keen about learning. Most feel happy in their job, but think they could do more challenging work and that their skills are underutilised. Most plan to stay with their current employer (less than a fifth intend to leave within a year), although half think there is some likelihood that they will get a better job with their existing employer.

Data on prior qualification levels would seem to confirm that the pilots are engaging with the low-skilled, although Derbyshire has a slightly higher level of those already qualified to level 2 than the national average (9.5% against 4.7%); perhaps this indicates that they have been less successful in filtering these individuals out of the pilot. Moreover, the vast majority of employees participating had volunteered rather than been chosen by their employer; only 11% of the Derbyshire sample had been asked by their employers to take part. There is no evidence here that employers allocate training to favoured groups.

Individuals interviewed as part of the case studies supported the findings of the survey. They had all volunteered, and although some had been anxious over returning to learning after relatively long absences they had found the experience reassuring and worthwhile. A few said they intended to go on to further learning.

ETP training

The predominant type of training delivered through the pilots in Derbyshire and throughout the other pilots is an NVQ level 2 (typically in care, customer service, manufacturing operations, etc.), reflecting the learners' job roles and the employer's business activities). NVQs are designed to be delivered in the workplace, typically involve assessing a learner's competence against an agreed occupational standard, and provide "learning opportunities" (*i.e.* on-the-job training supplemented by off-the-job underpinning knowledge) to acquire and demonstrate competence.

Providers are encouraged through ETP to "train to the gaps", *i.e.* assess individual learners' competence, identify skill gaps which are then met through training, and then confirm their overall attainment of the standard in a final assessment. The "assess/train/assess" model was found by the evaluation to occur in under half the cases in the first year, with other modes ranging from mainly assessment (with little extra training) to standard delivery which consists in providing a standard programme regardless of what the learner already knew. Providers are also encouraged to be flexible in the nature of delivery, for example by providing training and assessments at employers' premises, fitting in with workplace schedules (*e.g.* shifts, etc.).

Employers generally report a high degree of flexibility among training providers. The latter are paid a fixed sum (the total of which varies by the type of qualification) in instalments, with a proportion at the start, the bulk as the trainee undergoes their course and the balance on completion.

Employers are encouraged to choose between a range of possible providers, brokered by the learning adviser, although many prefer to opt for those they already know. In most pilots the contract is between the employer and the provider. Both these elements of the pilots are aimed at creating a more mature "training market" and increasing the confidence and knowledge among employers, especially smaller employers, to purchase their own training.

Providers are, on the whole, positive about the initiative, believing it to reach employers who they do not normally deal with and to provide learning opportunities for older and less well qualified individuals.

Information advice and guidance

The fourth element of the ETP offer is the provision of free information, advice and guidance (IAG) on learning to employers and employees. It was envisaged that the IAG element would be delivered by specialist agencies in each area and although in all cases these agencies have been engaged, most have struggled to develop and integrate this aspect of the offer with the overall approach adopted by the pilot. Most information and advice (about training related issues) to employers is provided informally by brokers or providers. In some cases IAG providers are available for initial training needs analyses. However in most pilots, including Derbyshire, they have yet to be involved in much ongoing learner support, or in exit interviews to help learners access further learning should they so desire.

Emerging issues in Derbyshire

The Derbyshire pilot did not achieve the take-up among employers and learners that they originally hoped for. The LSC conducted their own analysis and identified a number of barriers to performance:

- Too strict an application of the pilot in terms of sectors, size and hard-to-reach employers.
- The need to be more targeted with marketing efforts.
- The lack of business-focused case study material to support engagement in basic skills in the workplace.
- Providers have insufficient resources targeted at engaging employers in the pilot.

- The contracting and claim process has been over-engineered, making it too complex to sign employers up.
- Communications with providers have been too *ad hoc*.
- Some providers have delivered extremely well while others have not. The good practice displayed by those who are performing well has not been exploited sufficiently.
- The time to engage employers (especially large ones) has been underestimated.

These concerns have led to several changes in the second year, with monetary incentives to providers to recruit employers to the scheme, an expansion of the provider network, streamlining of processes and increasing use of telesales marketing.

Moreover, it appears that Business Links have become major partners in the pilot. However, there have been some communication problems with and between the two separate Business Link organisations; which operated different client management systems among the partners. The two organisations have recently merged but still operate from two separate locations, which may resolve any outstanding problems.

The LSC believes that employers are attracted by free training; also, the single broker role is thought to be vital for getting embedded in the organisation. Smaller employers tend to need the incentive of wage compensation.

The pilot's initial one-year duration has caused some problems, as major training providers (such as some local colleges of further education) have been reluctant to get engaged in what appeared to be a short-term project. Business Link report difficulties in retaining some of their workforce engaged in ETP as the advisers are on short-term contracts. Relatively high labour turnover has meant a loss of expertise and continuity. Providers play an important role in Derbyshire in recruiting employers. Employers coming through the provider route may not have thorough training needs analysis or exercise as much choice over which provider they work with as employers recruited through more independent brokers.

Interim evaluation conclusions

Across the six areas, the pilots have been successful in getting substantial numbers of employers involved in training low-skilled employees to qualifications. There is evidence that the pilots are reaching some of their target groups. The employers involved are generally small, and a significant proportion, over one-fifth, can be described as "hard-to-reach" – having not been involved with government agencies before, nor having had a legislative

reason for upskilling their employees. The learners too tend to be those at whom the pilots are aimed. Many had left school at 16, having not had a positive educational experience. Although they had participated in training before, the pilots have given them the opportunity, often for the first time in years, to study for qualifications they are keen to obtain.

The national evaluation also identified high levels of satisfaction with the experience of the pilots among employers and learners alike (Hillage and Mitchell, 2003). Employers think their involvement with the pilots will benefit their business. The broker model of learning advisers engaging with employers about their business needs and how ETP can help, and then helping to source training providers and manage contractual issues, is generally thought to be very effective. Employers certainly seem to respond well to the support and advice in identifying their training needs and coming up with solutions.

However, a number of challenges remain. Most of the learners are engaged in studying for an NVQ level 2 rather than basic skills. Several measures have been put in place in the existing and new pilots to increase the engagement of employers and learners in basic skills training towards a qualification. Many basic skill deficiencies only come to the surface during the course of studying for an NVQ, and in many cases support is now being provided alongside the NVQ training.

The national evaluation found that around 20% of the current employer participants were in the target group of hard-to-reach workplaces, without a particularly positive track record on training low-skilled employees. While many of the remainder meet the "hard-to-reach" definition in some way (*e.g.* by being small), a substantial proportion (30% of workplaces employing some 40% of ETP learners) are from the care sector, where there is a legislative requirement to increase the proportion of qualified staff. They could, therefore, be assumed to be looking for training in the absence of the scheme. The evaluation also shows that a large proportion of the employers so far involved have a relatively positive approach to training. Thus, although they may not be actively training their low-skilled employers and are hard to reach in some ways, they are not altogether hard to convince about the value of the initiative. Increasing the proportion of hard-to-reach employers and those without a history of training will be important if pilots are to truly transform training cultures and minimise deadweight.

There is also an element of deadweight among the employees. Around one-fifth of ETP learners already had a level 2 qualification or higher, and were therefore technically "out of scope" of the initiative. Any further qualification they obtained would not increase the proportion with level 2 qualifications in the population as a whole, and therefore would not contribute to one of the

overall aims of the programme. However, this is not a clear-cut issue. Excluding any ineligible participants may require disproportionate levels of bureaucracy and controls, which may easily put off exactly the sort of employers and learners that the pilots are designed to engage. In other words, a degree of ineligibility may be inevitable and could be seen as "noise in the system". Furthermore, the qualitative evidence suggests that those involved who have already qualified at level 2 tend to have either obtained their qualification many years previously and/or been involved in a change of career direction, and therefore could benefit from further skill acquisition. However, training those who already have level 2 qualification inevitably lowers the net effect of the pilots on reducing the proportion of low-qualified people in the workforce. There is a difficult balance to be struck between ensuring a smooth and efficient process, and the short- and long-term impact of the pilots.

Participation in the pilots varies markedly by area. The variation appears to have little, if anything, to do with the level of the ETP offer in the area or the state of the local labour market. It probably has more to do with the effectiveness of the approach adopted by the pilot, certainly in the early stages. Learning the lessons about how best to market the scheme to and engage with employers, and how best to manage effective partnerships between the various agencies involved, is another challenge for the pilots.

Conclusions

The Employer Training Pilots began life in 2002 at national level as a measure designed to test ways of increasing the extent of workplace training especially for lower-skilled employees – identified by policy makers as major contributor to the country's relatively poor productivity performance. There were two basic rationales for the intervention.

The first was to enhance national productivity and competitiveness. While England has a comparatively good training record in terms of number of employees in receipt of training, relatively little training leads to recognised qualifications and most tends to be undertaken by employees already fairly well-qualified and employed in larger workplaces. At the same time, England has comparatively few employees qualified at intermediate level. Employers tend not to provide such training in work-time because the barriers of cost (of training) and time (spent training) outweigh the benefits they think will accrue. Individuals do not fund the training themselves for similar reasons: *i.e.* the costs (including opportunity costs of spending their free time on vocational training) exceed the perceive benefits (*e.g.* in terms of better jobs or earnings).

The second rationale involves the importance for individuals of attaining a minimum level of qualifications in order that they may retain their employability in the labour market and avoid being at risk of unemployment and social exclusion, as trends favour more highly qualified jobs. While the problems seemed apparent, the solutions in terms of encouraging a greater demand for skill acquisition – and therefore training leading to qualifications – were less clear.

By modelling different levels of free training, the ETPs offer an experiment in policy design and implementation and therefore do not as yet comprise a comprehensive policy. For example, their interface with other policy initiatives has developed over time as the pilots have matured and as policy itself has moved on, most notably with the development of the National Skills Strategy. There has been an important element of symbiosis in both the development of policy and the development of wider skills policy, especially as it affects workforce development and low-skilled employees.

As the pilots have been extended, interest in them has grown and the policy objectives associated with them have expanded (albeit informally). For instance, although the pilots were originally about testing ways of overcoming barriers of time and cost and seeing whether such a policy would contribute towards increasing the number of employees qualified at level 2, interest has grown in their impact on the nature and form of training provision.

Furthermore, ETPs can be regarded as a fledgling national programme delivered at local level, as the six initial pilots differ in their approaches to delivery – partly in a deliberate attempt at experimentation, and partly to fit in with the local labour market and infrastructural context. There is an inevitable tension between local flexibility and the consistency necessary to run a national programme (available to employers across local boundaries) that may need to be balanced before any national roll-out. While the process of implementation may need to be adapted to local circumstances, there is no evidence to suggest that the fundamental features of the offer need to be similarly flexible.

In addition, the ETP initiative fits with a number of important elements of the national policy on skill and workforce development (as opposed to other policies focused on the unemployed and/or seeking to move people from dependency on welfare into work): it seeks to increase the demand for skills and encourage learning provision to become more adaptable to employers' (and learners') requirements. It aims to do so by encouraging employer investment in low-skilled workers by subsidising the training and, depending on the size of the firm, contributing to the opportunity cost of employees participating in training activity.

There is thus a supply-side flexibility to the initiative that is expected to increase the efficiency of delivery and increase retention and therefore the number of employees successfully completing their course. Some of the pilots are further experimenting with new forms of "paperless" assessment, for example by using new technology to capture evidence of competence, to reduce the burden of producing evidence of competence.

Furthermore, the ETPs encourage learners to develop further once they have completed their training, through the provision of information, advice and guidance. They also encourage employers to maximise the benefits from the skills gained among their workforce, through the provision of further business support and advice (although there is little evidence so far that this aspect of the pilots is a major attraction).

The increase in participation is expected to result in an increase in the number of employees attaining level 2 qualifications, thereby meeting a major government target and overcoming what is seen as a main reason for England's comparative skills deficit. Further policy developments envisaged in the Skills Strategy, such as a general entitlement to free training to obtain a first level 2 qualification, also appear to fit together with the main thrust of the pilots. Other developments, such as introducing greater flexibility in the qualifications structure, also are in line with the aim of making qualifications more "employer- and learner-friendly".

In terms of the pilots' effectiveness, on the positive side participation by employers and employees is felt to be strong – and even stronger in the second year, with large numbers of previously unqualified employees now engaged in mainly level 2 training. There is variation in take-up among the pilots, but it appears to vary more with the approach to marketing and employer engagement rather than with the level of compensation or length of free training on offer.

The main driver to participation appears to be the availability of free, brokered training rather than the availability of wage compensation. If confirmed, this could suggest that the original pilot targets – overcoming the barriers of time and (to a lesser extent) cost – may not be as important as the accessibility of provision. In other words, there may be a latent demand for training among lower-skilled staff that could be met by making the training market work better through improved linkages between employers and providers.

Although initial participation is high, it is unclear whether participation translates into increased overall qualification attainment, what levels of deadweight and additionality have been incurred, what kind of generic and technical skills have been gained, or what impact the ETPs have had in terms of productivity and job retention.

One question requiring further investigation is whether the pilots are having a major impact on the nature of provision. Most skills training (especially for young people) takes place in publicly funded colleges of further education. However, relatively few colleges are heavily involved with the pilots, and most learners are trained by private sector providers. Workforce development is a relatively small proportion of college provision (colleges tend to concentrate on training young people in initial academic or vocational qualifications, *e.g.* through Modern Apprenticeships). Developments in the structure of Modern Apprenticeships and other changes such as the development of Centres of Vocational Excellence (CoVEs – specialist provision in colleges focusing on particular occupational areas) may be more important in this regard.

Moreover, we have seen that the pilots are focused on basic skills and first level 2 qualifications. Relatively few learners opt for basic skills training. This is likely to be because of the dual problems of learners' unwillingness to admit basic skills deficits and employers' reluctance to recognise the importance of basic skills acquisition if they do not feel they are a requirement of the job. The pilots found that some basic skill needs emerge when learners undertake level 2 courses, and the procedures have been adapted to provide learners with additional training in those instances. There are other initiatives focusing on basic skills provision that may "compete" for eligible learners.

Some employers and learners find it difficult to understand why the pilots only offer free training to a "first level 2". Employees already at level 2 or with higher academic qualifications – or who have been trained to level 2 or higher in another occupational area – are ineligible for support even if they could benefit from, say, an NVQ in their current job. The requirement for "first level 2" is linked to concentrating resources on achieving the government's level 2 target. While some employers use the wage compensation they will obtain to finance ineligible employees through level 2 training, the requirement can generate a relatively high level of bureaucracy and control.

Discussions with some of the agencies involved with the pilot in Derbyshire suggested that there is at least some demand for higher (level 3) training; the Regional Development Agency, for instance, indicated that this was a priority. More generally, research indicates that there is little economic return (to either the workplace or the individual) from the acquisition of level 2 qualifications, and there is a clearer (positive) relationship at level 3 (see for example, Dearden, Reed and van Reenan, 2000). However, it could be argued that it is the absence of a clear return that creates the need for public intervention, whereas employers and/or employees should invest in higher level skills themselves as the gains are clearer and more immediate.

The absence of high levels of workplace investment at this level may indicate a lack of demand for the corresponding skills. Tackling such "low-

skills equilibria" may require much wider policy interventions, including greater levels of business support and/or placing greater imperatives on businesses to raise their levels of productivity and therefore skills. In this context, ETP can be seen as a predominately supply-side initiative.

The pilots operate through initially engaging employers and, through them, employees (who are pleased to have the opportunity to acquire qualifications). The new level 2 entitlement or a revised form of the individual learning accounts (perhaps along the lines of the Learning Workers' Programme being piloted in Wales) may invigorate individual demand for skill development beyond the actions of employers. Without a commensurate increase in demand for higher skilled employees however, this may result in employees feeling that any newly acquired skills are underutilised.

Some of main lessons to emerge from the Derbyshire pilot in particular centre on the process of implementation. The case study has highlighted the importance of the agencies involved, notably the LSC and Business Link working effectively together to achieve the pilot aims. It has also highlighted the potential problems if interests conflict, systems are incompatible, communication is unclear or responsibilities ill-defined.

Moreover, the role of broker requires a range of skills, including business understanding to relate to employers, knowledge of training provision to explain the opportunities available to employers and to identify needs, and selling skills to secure employer engagement and administrative skills to operate what is seen as a complex process.

Providers have a major role in generating employer interest – some providers in Derbyshire "recruit" employers to the pilots. However, it is not clear whether they undergo the same needs identification process. While the local trade unions are supportive of the initiative, they have been able to provide little direct support in terms of bringing in employers and learners or supporting learners in identifying skills needs (*e.g.* the basic level).

The ETPs appear to be a successful way of engaging low-skilled employees in qualification-based training. If the expected high rates of completion are confirmed and the level of deadweight is relatively low, the pilots will lead to a significant increase in the number of qualified employees in the workforce. The pilots have demonstrated that low-skilled employees can be accessed through employers to their (perceived) mutual benefit.

The pilots are feeding into the development of a national skill strategy focused on developing the skills of the existing workforce, through engaging with employers and increasing the responsiveness of learning provision. Other policies in the same area (such as the University for Industry, marketed under the name *learndirect*) have been effective at engaging new learners but have less influence in the workplace (Tamkin *et al.*, 2003). Different strands of

government policy concentrate on the skills gained in initial education and training and facilitating access to employment among those currently unemployed or inactive. The links between them are more indirect than direct (*e.g.* by working through a similar qualifications infrastructure and learning provision), but then they are aimed at different groups in the labour market.

The level at which the pilots are aimed may mean that they are more effective at tackling issues associated with social inclusion (by providing employees with qualifications to improve their employability in an increasingly competitive labour market where the trends favour higher skilled jobs) rather than economic regeneration issues, which may require different policies. Other policy agencies believe that higher-level skills (level 3 and above) are a greater priority.

Operation of the pilots has been affected by the consequences of other policies (*e.g.* legislation requiring a greater proportion of employees in the care sector to be qualified), which thus have indirect effects on the demand for skills.

One of the emerging messages is the importance of effective organisation on the ground in maximising engagement with employers. The ETPs involve two separate agencies which take different roles – in crude terms, one which finances and manages the programme and the other which engages with participants. The pilots that appear to have been most successful to date are those that have "merged" both operations and run as an ETP team rather than as separate organisations.

Notes

1. Learning and Skills Councils (LSCs) are public agencies responsible for funding post-compulsory education and training other than higher education.
2. The six areas vary significantly in terms of their local workforce and the amount of job-related training taking place. Greater Manchester is the pilot area with the largest working age population and also the greatest number of employees, at around 1.6 million and 1 million respectively. Essex draws on the next largest population of working age, followed by Birmingham & Solihull, Tyne & Wear and Derbyshire. Wiltshire & Swindon is considerably smaller than the other pilot areas, with a working age population of less than 400 000 and around 285 000 employees). The offer piloted varies in terms of: 1) the length of free training – three areas offer 35 hours a week and a further three offer 70 hours of training, and 2) the amount of compensation for time off work. Although all areas use the same nominal wage to calculate the level of compensation (GBP 50 a day for basic skills training and GBP 60 for level 2 raining), the percentage of the nominal wage paid to employees (prior to allowances made to comply with State Aid rules) varies between 0% and 150% both between areas and by the size of employer participating.
3. See *http://etp.lsc.gov.uk/*.

4. The Institute for Employment Studies (IES) was commissioned by the UK government to carry out the national evaluation of the ETP. At the heart of the evaluation is a large-scale survey that seeks to establish accurate baselines of activity. The national evaluation started in October 2002 and was scheduled to end in March 2005. The Derbyshire case study carried out on behalf of the OECD in late 2003 was based on interviews with ETP personnel, local stakeholders, providers and employees.
5. See for example the Business Learning Accounts in Scotland and the Learning Workers' Programme in Wales.
6. National Vocational Qualifications (NVQs) are a system of job-related qualifications based on achieving levels of competence against defined industry-specified standards. There are five levels – level 4 is broadly equivalent to a two-year undergraduate diploma.
7. Combining local LSC budgets for this activity – the pool typically represents a very small proportion of overall funds, most of which go to financing education and training for young people after the age of 16.
8. Reported in *The Guardian* newspaper, 6 January 2004.
9. For further information on the SSDA, the SSCs and the Skills for Business Network, visit the SSDA Web site: *www.ssda.org.uk*.
10. This data is taken from the Learning and Training at Work Survey, 2002, which specifically asks respondents if *any* on-the-job or off-the-job training has taken place at the responding establishment in the last 12 months. This is not a question about the quantity of training provided or any assessment of the proportion of staff being trained, but rather an assessment as to whether the employer has provided *any* training to *any* employee in the previous 12 months. Figures have been consistently high across all tranches of the survey. In essence an employer only has to provide one hour of on-the-job training to a single employee to be able to answer yes to the question.
11. The training is mainly provided free but in some cases, due to EU State Aid rules, employers are required to make a contribution.
12. This refers to "Management Information about the learners and employers involved in the Employer Training Pilots" and is unpublished data provided to the evaluation team by the Learning and Skills Council (LSC), who maintain the database.

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Chapter 5

Sectoral Initiatives to Train Low-qualified Incumbent Workers in the United States: Two Case Studies

by
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This chapter focuses on the use of partnerships between businesses and non-profit organisations to help upgrade the skills of low-qualified workers. Drawing upon case studies in Chicago and Milwaukee, the author contrasts the approaches and successes of workforce investment boards with non-government workforce intermediaries in order to draw lessons and recommendations. The chapter begins with a critical overview of recent labour market trends and policies and describes the system of training institutions in the United States. It then provides an in-depth description and assessment of the training initiatives pursued by a workforce investment board and two workforce intermediaries. The author concludes that the debate about whether workforce intermediaries should supersede public services is ill-suited: both approaches are needed and their efforts are complementary.

Introduction

Low-qualified workers in the United States are losing ground. During the past decade, which included one of longest and most robust economic expansions in US history, wages of workers with only a high school education fell further behind those with higher levels of education. At the same time, US businesses continue to face a shortage of qualified workers to fill vacancies. Results from a survey administered by the US Chamber of Commerce showed that 50% of employers surveyed had difficulty in finding employees, primarily because applicants had low skills or a mismatch of skills. More alarming still are the projections that the supply of qualified workers will not keep up with the large number of vacancies left by the retirement of the "baby boomer" cohort. Even the most optimistic projections of new entrants into the workforce fall more than 5 million workers short of filling the 58 million job openings that the Bureau of Labor Statistics anticipates will occur by 2010.

The need for more highly qualified workers continues to grow, fuelled by several powerful trends. One is the rapid market shift from the manufacturing economy to a service- and information-based economy. Today, only 13% of the US workforce is employed in the manufacturing sector, compared to 18% a decade ago. Propelling this change is the growth in the "global economy," which has come about through the rapid internationalisation of trade, production and finance. Another factor is the shift in technology, which has reduced the number of jobs required to manufacture goods and has contributed to the growth of the information-based economy. Thus, a nation's comparative advantage is no longer measured in terms of its physical resources but rather its human resources – the skills and abilities of its workforce.

These trends make training critical in order for workers to gain and retain higher paying jobs, for businesses to be more profitable, and for the United States to remain competitive internationally. There is no doubt that workers are receiving a considerable amount of training. They receive training through their employers, on their own through specialised training institutions, and through the vast system of higher education. A recent survey shows that half of working adults participate in some form of work-related adult education. Yet the low-skilled workers, who comprise an increasing share of the nation's workforce, receive disproportionately less attention. Even though businesses can benefit from efforts to upgrade their skills, they are less likely to provide

training to those employees than to their more skilled workers. The public workforce system also places low priority on training low-skilled incumbent workers. The emphasis in recent years has been predominantly on "work first", getting people into jobs first rather than providing the necessary skills training for higher paying jobs.

A widely held view is that training alone is not enough. Rather, training has to be more closely linked to the needs of business, and employers must become more fully engaged with the workforce system. The current workforce system, under the Workforce Investment Act (WIA), engages businesses in setting workforce strategies at the state and local levels through the membership of business leaders on workforce investment boards, which oversee the administration of employment services. Nonetheless, there is growing concern that WIA does not go far enough in engaging businesses and that other entities, such as community colleges and technical schools, must also be brought together in effective partnerships.

Recognising these shortcomings, the current administration has developed strategies that directly and indirectly attempt to fill this gap. These more recent government initiatives have been patterned to a large extent after initiatives by several non-profit organisations that began in the late 1980s. Referred to as workforce intermediaries or sectoral employment initiatives, these non-government entities focus on the needs of businesses typically within a narrow sector and in a specific locale. By partnering with a range of service providers, they also help low-qualified workers receive proper training and job search assistance. Proponents of non-government workforce intermediaries argue that the private sector is better able to respond to the rapidly changing needs of businesses and workers than the government sector, because of their entrepreneurial spirit and their freedom from government regulation and bureaucracy.

This chapter focuses on the use of partnerships with businesses and other entities to help upgrade the skills of low-qualified workers. Case studies are presented of two non-government workforce intermediaries and one workforce investment board. In studying these organisations, the chapter contrasts the approaches and successes of the workforce investment boards with the non-government intermediaries in order to draw lessons and recommendations. The chapter addresses several issues regarding these partnerships. First are local workforce investment boards, with the majority of members coming from business, already filling these gaps by integrating services and collaborating with businesses? Second, who are the non-government organisations really serving – business or the low-skilled worker, and are they primarily serving a more job-ready population than the workforce investment boards? Third, for those workers who are served by non-government workforce intermediaries, are they better off than similar

workers who did not receive the services of the initiatives? Fourth, can non-government workforce intermediaries find enough support from local employers and other non-government sources to sustain their efforts, or must they rely to a large extent on using the funds and services of government programmes?

The chapter begins with a critical overview of recent labour market trends and policies, and describes the system of training institutions in the United States. It then provides an in-depth description and assessment of the sectoral initiatives pursued by a workforce investment board and two workforce intermediaries. The assessment is based on the site visits by an OECD team of experts, and interviews with the directors of these two organisations, business owners and managers who have participated in these partnerships, union officials and incumbent workers. It is also based on an examination of published material from the organisations and from evaluations conducted by other organisations.

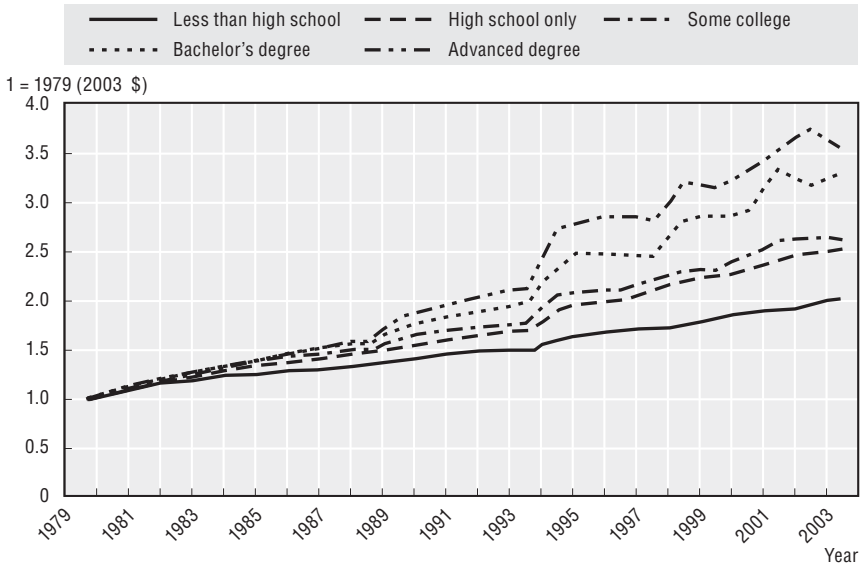
Overview of the situation of low-skilled workers in the United States

A. Benefits of education and training

Education and training have paid off for both businesses and workers during the past decade or so in the United States. For businesses, increases in educational attainment were responsible for an estimated 11% to 20% of the growth in worker productivity in the United States (Decker, Rice and Moore, 1997). For workers, studies estimate that an additional year of education increases a worker's annual wages by 6% to 10% (Card, 1999). The earnings gains are even more pronounced from curricula that provide an academic year of more technical and applied coursework, with returns ranging from 10% to 15%. Even basic literacy and numeracy skills have significant payoffs. For example, studies have shown that high-literacy workers can earn nearly three times the wages of low-literacy workers. In terms of annual increases, the study found that an increase in literacy proficiency raised expected annual earnings by 15% (Sum, 1999).

Consequently, people with low educational attainment and little training are at a significant disadvantage with respect to earnings and employment. For example, the median weekly earnings of college-educated workers are 73% higher than those of high-school-educated workers, and the gap is even larger for those who dropped out of high school. The gap has also increased between college-educated and high-school educated workers, growing by 70% since the early 1980s. Moreover, 13.1% of workers without a high school diploma have annual incomes below the poverty level, compared to 8.8% for high school graduates and 1.5% for college graduates.

Figure 5.1. **Wage rates by education (ages 25-54)**



Source: Bureau of Labor Statistics, Current Population Surveys, selected years.

Employment prospects are also greater for more highly educated workers. In 2003, bachelor degree holders over the age of 25 experienced an unemployment rate of 3.6 while those with only a high-school degree had a 5.2% unemployment rate and those with less than a high school education experienced a 8.5% unemployment rate. In addition, jobs held by college graduates are more likely to provide health and other benefits than those held by high-school graduates. These unemployment rate differences are also evident with respect to literacy proficiency. Those workers with the lowest level of proficiency experience unemployment rates nearly three times higher than those achieving the highest level of literacy proficiency (Sum, 1999).

Low-skill and (thus) low-wage jobs are concentrated in a few industries and occupations, as shown in Tables 5.1 and 5.2. These tables use two measures of low wages. Both are measured as the share of total hours worked aggregated across all workers. The first measure is the percentage of hours within each industry that falls within the lowest quintile of earnings of all workers; the second is the percentage of hours in which the wage rate is less than USD 8/hour, which is the average earned by welfare leavers. Using these measures of low-paid jobs, Table 5.1 shows that retail trade has by far the largest proportion of low-paid workers. Several occupations have a higher than average concentration of low-paid workers. These include sales and services, which are consistent with the industry figures since these

Table 5.1. **Shares of hours worked that are low-paid by industry**

Industry	Bottom 20%	Wage rate less than USD 8/hour
Total	20.0%	16.3%
Mining	5.0	4.6
Construction	7.1	4.4
Manufacturing	10.9	7.8
Transportation, communications, public utilities	6.1	4.5
Wholesale trade	13.6	10.2
Retail trade	53.8	48.3
Financial, insurance, and real estate	9.6	7.1
Services	20.1	15.6
Public administration	3.7	2.3

Source: Bernstein and Gittleman, 2003.

Table 5.2. **Shares of hours worked that are low-paid by occupation**

Occupation	Bottom 20%	Wage rate less than USD 8/hour
Total	20.0%	16.3%
Executive, administration, managerial	0.6	0.5
Technical	2.1	1.6
Sales	38.0	32.9
Administrative support	13.5	7.6
Service	50.1	44.0
Precision, production, craft and repair	3.0	2.3
Machine operators, assemblers, inspectors	19.5	15.1
Transportation material moving	13.1	10.4
Handlers, equipment cleaners, helpers and labourers	64.4	58.4

Source: Bernstein and Gittleman, 2003.

Table 5.3. **Poverty, income and educational attainment by US regions**

Region	Persons below poverty level, 2003, %	Median individual income, 2003	Educational attainment, 2002, %		
			Not a high school graduate	High school graduate only	Bachelor's degree
Northeast	11.3	USD 46 742	14.6	34.7	18.6
Midwest	10.7	44 732	12.7	35.4	17.1
South	14.1	39 823	18.5	31.8	17.1
West	12.6	46 820	16.3	26.7	18.6

Source: US Census, 2003, 2004.

occupations are highly concentrated in the retail trade sector. In addition, a large percentage of handlers, equipment cleaners, helpers and labourers – a set of occupations with little skill requirements – are low-paid workers.

Earnings and educational attainment also vary across regions within the United States. Workers in the South earned the least while workers in the Northeast and the West earned the most. The differential was 17%, and it was related to differences in educational attainment. A higher percentage of persons in the Northeast and the West completed college with a Bachelor's degree compared with those in the South and Midwest. The South also had a higher percentage of persons not completing high school, which can have significant effects on the median earnings of the workforce in that region. In contrast, the Midwest had the lowest percentage not completing high school – but the fact that the college completion rate was lower than the Northeast and West placed their earnings in the middle of the regional distribution. The low proportion of high school dropouts probably explains the Midwest's low poverty rate relative to the other regions. Not surprisingly, given its low educational attainment and earnings, the South experienced the highest poverty rate. Education is, of course, not the only factor in explaining earnings. The industry and occupation mix of the regional workforces also come into play.

The higher returns to education have encouraged many people to attain higher levels of education. Since 1980 the percentage of the labour force that has graduated from college has risen from 21.6% to 31.4%. While the percentage of African Americans and Hispanic Americans who have graduated from college has also increased, the overall percentage of college graduates from these two groups is significantly below that of whites. For example, only 13.9% of the Hispanic Americans who are in the workforce have graduated from college, compared with 31.9% for whites. African Americans also have a lower college graduation rate than whites – 20.2%. In recent years, however, growth in the attainment of college degrees and other credentials has slowed. Some projections place the percentage of the workforce with a college degree at 33.6% by 2020, which is not enough to match demand (Aspen Institute, 2002). Even the most optimistic projections of new entrants fall more than 5 million workers short of filling the 58 million job openings that the Bureau of Labor Statistics anticipates will occur by 2010.

Therefore, if the United States is to meet the demand for a more highly trained workforce from the existing labour pool in the coming years, it is critical that incumbent workers, particularly the low-qualified workers, be given the training necessary to meet these needs. Without such training, businesses may be forced to seek qualified workers elsewhere either by sponsoring immigrant workers (such as the H1-B visa programme provided) or by outsourcing operations (which has become a contested political issue). If businesses take such action, then incumbent workers – particularly those with low skills – will suffer, given the earnings premium commanded by highly skilled workers.

B. Participation in adult education activities

A recent survey reveals that a large percentage of adults in the United States continues to upgrade skills beyond formal secondary education. The survey, conducted by the National Center for Education Statistics, asked adults (16 years of age and older) about their participation in any formal educated related to work (Kim *et al.*, 2004).[1]

According to the survey, 53% of working adults reported that they had participated in adult education during 2002. Participation varied significantly by education, age, profession and the size of the employer. For instance, 72% of those who held a bachelor's degree participated in work-related education while only 14% of those with less than a high school education participated. The survey also found that younger workers are more likely to participate in education than older workers, and professionals and managers are more than twice as likely to participate as trades people (71% versus 32%). Workers employed in large firms (500 or more employees) are more likely to participate in education than workers in smaller firms (100 or less employers).

From this survey, it appears that low-skilled workers do not have or are not taking the opportunity to upgrade their skills while working. In fact, the skills gap appears to be increasing as more highly educated workers add to their skill set more frequently than do low-skill workers. Many factors can contribute to this non-participation, including lack of qualifications, of motivation, of time outside of work and of support by employers, to name a few. Undoubtedly, efforts to upgrade the skills of low-qualified workers must take these and other factors into account.

Training incumbent workers

A. Training providers

Classroom training

The extensive system of post-secondary education within the United States, particularly community colleges and technical schools, provides much of the training of workers. The system is comprised of more than 4 000 institutions enrolling over 15 million students. Nearly 2 500 institutions are four-year colleges or universities and 1 700 are two-year institutions. The overwhelming majority of the 15 million students attend publicly supported institutions by a ratio of over 3 to 1. All but a small fraction of students attending two-year institutions are enrolled in publicly supported community colleges.

One of the hallmarks of the US educational system is the access to higher education. Admission to traditional four-year colleges and universities depends upon the student's grade point average in high school and his or her

scores on standardised college admission tests. While admission to the top public and private colleges and universities is very competitive, the number of institutions and the prevalence of community colleges ensure that most students who are motivated to continue their education beyond high school can do so. Although tuition is primarily the responsibility of students and their parents, the large number of publicly supported institutions and the prevalence of government aid and loans makes a college education affordable for most families. For instance, at four-year public institutions tuition and fees averaged USD 4 700 in 2003-2004, and USD 1 900 at two-year institutions. However, nearly 60% of students receive some form of financial aid, including government-subsidised loans. Therefore, factoring in the USD 105 billion in student aid offered in 2003, the average tuition at public four-year institutions drops to USD 1 700 per year and the entire tuition is paid for a community college student (College Entrance Examination Board, 2004). Of course, this does not include room and board or other living expenses during the time the student is in college.

Workers, particularly those with low skills, depend upon community colleges and technical schools for much of their training and education beyond high school. Most community colleges have open admissions and tailor their courses to meet the schedules and lifestyles of students who work during the day and to meet the needs of local employers. Community colleges typically partner with local workforce development boards to provide and co-ordinate training, although the integration of services and responsiveness to employer needs vary from college to college. According to a recent survey conducted by the US General Accounting Office, 78% of the local workforce boards used community or technical colleges to provide training. Half of that percentage reported that they used employer-provided training and an equal percentage cited using vocational schools (USGAO, 2003). Recently, the federal government has funded several community colleges to provide training to workers in high-growth sectors of the economy. In addition to the post-secondary educational system as described above, the Kindergarten through high school (K-12) educational system is often involved in workforce training, through school-to-work type programmes and through their contractual arrangements with local workforce boards to provide various services. There are also a number of private training providers, such as Goodwill Industries and the workforce intermediaries detailed in this chapter, which offer training through contracts with government agencies and businesses.

On-the-job training

In addition to community colleges, workers can enrol in apprenticeship programmes. Apprenticeships are traditionally the way that the trades have trained their workforce: on-the-job training in the workplace with qualified

workers or master craftsmen. Employers, employer associations, and joint labour-management organisations – known collectively as apprenticeship sponsors – provide apprentices with instruction that reflects industry needs. Apprenticeship sponsors pay most of the training costs, and apprentices are paid during their training period. There are also partnerships with two- and four-year academic institutions that offer associate and bachelor's degrees in conjunction with apprenticeship certificates.

Most states have apprenticeship boards that establish standards for the training and help to co-ordinate the partnerships. In Wisconsin, for example, construction trade apprenticeships are sponsored by local trade committees comprised of skilled workers and employers who advise the state's Bureau of Apprenticeship Standards. Each committee develops its own policies and practices, with approval from the Bureau, for operating its apprenticeship programme and for selecting apprentices. Each committee determines the selection procedure and criteria, which may include an aptitude test, an interview with the committee, high school transcript, proof of graduation or equivalent, and so forth.

Nationwide, 480 000 apprentices are currently receiving on-the-job training in nearly 30 000 programmes. These programmes are found in all the major sectors: communications, energy, health care, manufacturing, public administration, retail and wholesale trade and services. The federal government invests USD 21 million annually in the apprenticeship system, but most of the funds come from the sponsors. For instance, the construction industry alone contributes an estimated USD 250 million per year to support apprenticeships in the industry (US Department of Labor, 2004).

Business-affiliated institutions

Businesses also directly provide their own training to workers, ranging from in-house "universities" to job shadowing. For example, more than 1 000 firms operate so-called "corporate universities" that grant degrees and certifications within the corporate structure. Well-known examples of such institutions are McDonald's Hamburger University in Chicago and Motorola's training institutions. Much of incumbent worker training takes place in classroom settings using in-house instructors. At the same time, many companies contract with outside providers such as community colleges and universities, and use innovative learning techniques such as individualised learning technologies.

B. Sources of financial support for worker training

The responsibility for training incumbent workers falls primarily upon employers and the workers themselves. Accurate estimates of the amount

spent on worker training are elusive, particularly because of the inability to establish solid estimates of the amount businesses spend on training their employees. Recent estimates, shown in Table 5.4, place the total training expenditures by business and government in 2001 at USD 68 billion, for which businesses account for all but USD 7 billion. The vast majority of government-sponsored job training programmes are federal, and most of these are administered under the Workforce Investment Act (WIA). WIA allows state and local entities to use federal funds to train employed workers, but only a small proportion of the funds are available for that purpose. Most of the training goes to the unemployed: the emphasis under WIA has been to move people into jobs as quickly as possible.

Table 5.4. **Estimated expenditures for public job training programmes in the US, Fiscal Year 2001 (thousands of US dollars)**

Programmes	Federal funding (USD)	Share of Federal funding (%)	State supplemental funding	State financed customised FY 1998	Employer financed 1998	Grand total of funding
Adult and dislocated worker activities	2 540 040	39.6				
Youth activities	1 377 965	21.5				
Job Corps (youth)	1 399 148	21.8				
National programmes	528 150	8.2				
Other programmes (Non-WIA)	4 500	0.1				
TAA training	94 400	1.5				
NAFTA training	37 150	0.6				
Community service employment for older Americans	440 200	6.9				
Total funding	6 421 553	100.0	276 621	593 191	60 700 000	67 991 365
Percentage of grand total of funding	9.4%		0.4%	0.9%	89.3%	100.0%

1. WIA – Workforce Investment Act.
2. TAA – Trade Adjustment Assistance.
3. NAFTA – North American Free Trade Act.

Source: Wandner, Balducchi, and Spickard, 2001.

Training programmes under WIA are not targeted specifically or exclusively to low-wage workers, since these programmes do not have an income requirement. However, WIA regulations stipulate that in the event funds allocated to a region for adult employment and training services are limited, priority for training services must be given to recipients of public assistance and other low-income persons. In addition, state and local programmes have been targeted to help low-wage workers overcome some of the barriers to

receiving training services. They include offering English as a second language (ESL) in the workplace, helping to meet transportation and childcare needs, accommodating scheduling conflicts and financial constraints, and helping to overcome limited work maturity skills.

WIA funds provide services to adults, youth, and dislocated workers. States must allocate at least 85% of adult and youth funds to local workforce areas and at least 60% of dislocated worker funds as well. In 2001, about USD 2.5 billion were available to provide training services to all adults and dislocated workers (Table 5.4). WIA also permits states to set aside up to 15% of WIA funds allocated to adults, youth, and dislocated workers to support a variety of statewide workforce initiatives, including training programmes for low-wage incumbent workers.[2] Not all of the 15% set aside, however, is used to train low-wage workers. The WIA statutes stipulate that these funds can be used to fund state operations, demonstration pilots, and other state-level activities. Under the set-aside programmes, funds can be used for direct training costs, instructors' wages, curriculum development and resource materials, but they cannot be used for trainees' wages or for training equipment. State set-aside funds used for on-the-job training can be used to pay up to 50% of an employed worker's wages.

WIA requires that all states and localities offer most training services to the public through the one-stop system, which encompasses about 17 programmes. Under this system, there are three sequential levels of service – core, intensive, and training. The initial core services, such as job search assistance and preliminary employment counselling and assessment, are available to all adults and WIA imposes no eligibility requirements for anyone using these core services. Intensive services are staff-assisted and provided to individuals experiencing difficulty finding a job that pays enough to allow them to be self-sufficient. These services include case management and assistance in developing an individual employment plan. Training, the final level, is reserved for those who lack marketable skills that are in demand in the local area.

A snapshot of the characteristics of adults who exited WIA programmes in 2001 offers insights into the types of services received and by whom. Those receiving training services as opposed to counselling and job search assistance numbered 75 963 nationwide, which is 44% of the total number of exiters from all statewide and local programmes. Seventy per cent of those receiving services were between the ages of 22 and 44, and 73% were considered to be in the low-income category. Yet, almost 80% of the low-income participants had a high school education or higher. The vast majority of training (86%) was focused on acquiring occupational skills and other training, and only 6% was used for basic skills training. About a quarter of those receiving training were employed at registration, but there is no way of

knowing whether or not they were employed at the time they received training services.

During the past decade or so, federal funding of worker training programmes has decreased. In constant dollars, training funds reached their highest amount in 1979 and have declined to about 40% of that amount (or USD 4.9 million in 1996 dollars) in 2003. Since 1985, funding has been reduced by 33% in inflation-adjusted terms. Adult services and youth funding were cut even more, 53% and 63% respectively. This decline in training dollars reflects to some extent the priority of getting low-skilled workers into jobs first instead of preparing them for higher-skilled positions. The number of participants receiving training through the adult funding stream has also declined – from 163 000 in 1998 to less than half that number in 2001.

Welfare funds under the Temporary Assistance for Needy Families (TANF) programme are available to states for both pre- and post-employment services. Because of the emphasis on work resulting from welfare reform, state offices responsible for TANF tend to focus on helping their clients address and solve problems that interfere with employment, such as finding reliable transportation and affordable childcare, especially for those in low-paying jobs. In 2002, states reported spending over USD 2.1 billion on work-related activities. However, only USD 326 million, about 2% of total federal TANF dollars, was identified as having funded education and training.

States also use their own funds to provide training to employed workers, but these programmes are typically reserved for purposes of attracting and retaining businesses, or to target specific sectors and occupations (see Table 5.4). States can also fund such activities in conjunction with other federal funding grants, such as the Department of Housing and Urban Development's Community Development Block Grants. The grants can be used for economic development purposes that expand job and business opportunities for lower-income persons and neighbourhoods. These state-sponsored training programmes are intended primarily to help businesses address a variety of issues, including skill development, competitiveness, economic development and technological changes. In 1999, 54% of the funds for state customised training programmes (roughly USD 317 million) were targeted at incumbent workers, but not necessarily low-skilled workers (Ducha and Graves, 1999).

Delivery of worker training by workforce investment boards

A. Workforce investment boards and one-stop centres

Under WIA, the local workforce investment boards (WIBs) administer most of the federal and state-supported worker training programmes. Local workforce boards are comprised of business and community leaders responsible for devising strategies and administering programmes that meet

the needs of businesses and workers in their local area. One of the major requirements of WIA is for the local workforce investment board to establish one-stop centres that provide services to all jobseekers regardless of income or employment status. The one-stop centre provides a range of services – including preliminary assessment, job postings, job search, placement and career counselling, and up-to-date labour market information – at a single location. WIA also requires that 17 separate workforce development programmes be part of the one-stop delivery structure. These partners include the various federal employment and training programmes, and at times programmes from other agencies. Integrating this variety of programmes into a one-stop system creates a relatively tight network of partner organisations. In 2003, more than 600 workforce investment boards administered workforce development programmes for jobseekers and businesses in an estimated 3 400 one-stops and their affiliates.

The WIA system has strived to implement a private/public partnership that provides leadership and oversight for workforce programmes through a network of local entities led by employer representatives. The goal is to provide a flexible and responsive planning and delivery system that brings together the broad services provided through government programmes to meet the needs of all jobseekers and businesses. The jury is still out on the success of this new approach. The US Department of Labor is about to release a process evaluation of WIA, and state-specific net impact evaluations are under way. To provide some insight into the inner workings of workforce investment boards and the customers they serve, the study tour visited a large board responsible for providing workforce development services to the city of Chicago. This overview provides a useful contrast to the two not-for-profit workforce intermediaries that the group also visited, and focuses on the partnerships that the workforce investment board formed with organisations outside the federal and state programmes required under WIA.

B. Partnerships under workforce investment boards: A case study of Chicago

The Mayor's Office of Workforce Development (MOWD) of the City of Chicago partners with private sector organisations, community organisations and other government bodies to provide re-employment services to people in Chicago. MOWD focuses equally on business and individual needs to provide job placement services that benefit the city. These services are beneficial in that they reduce unemployment and the costs involved, and offer savings to the businesses there by providing qualified, pre-screened candidates who can fill their immediate openings. MOWD contracts with providers to offer services mandated by WIA through one-stop career centres. Although WIA does not emphasise training for low-qualified incumbent workers, the centres

do provide job training for displaced workers and employment services for jobseekers in conjunction with the Illinois Employment Training Centre. MOWD also offers the Quantum Opportunities programme, which provides basic vocational skills training and job/college placement services to 16- to 24-year-olds from disadvantaged areas in an attempt to improve the employability of participating members.

MOWD works through WorkNet Chicago, a network of over 130 community-based, citywide organisations that help businesses find qualified workers and assist workers in obtaining the skills and receiving appropriate re-employment services so that they can find and retain jobs. Included among these organisations are five WIA-funded Chicago Workforce Centres and 33 community-based affiliates. At the centres and affiliate agencies, customers attend service orientations, visit resource rooms to search the Internet for job openings, use the fax machines and printers to send resumes to employers, and receive assistance from frontline staff. In addition to these core services, local jobseekers, approximately 11 000, participated in intensive services such as workshops covering job-readiness skills, job search techniques, résumé writing, English as a second language and basic skills. Nearly 2 600 received vocational training vouchers to upgrade their skills, and could choose from nearly 600 training classes offered through 135 state-certified training organisations. These services helped more than 6 400 local residents get full-time jobs.[3]

Most of these programmes are for the unemployed and dislocated workers. However, the Governor of Illinois, exercising his option to retain 15% of WIA funds to be used at his discretion, has set aside a portion of these funds for incumbent training, which companies are given grants to fund. In addition to these funds, the Illinois legislature has provided funding since 1986 under the Prairie State 2000 Authority for the purpose of upgrading the skills of the state's workforce. The programme was discontinued in 2003, falling victim to the state's fiscal problems.

Another source of funding for incumbent worker training in the City of Chicago comes from a programme initiated by the mayor's office in 2003 that uses tax incremental financing (TIF) funds. This project, called TIFWorks, is a sectoral initiative that helps small manufacturing companies retain their staff and uses workforce development activities to help these companies become more competitive. TIF funds are available to companies located in designated areas of the city. It allows the city to invest public money to improve specific areas for commercial or industrial development. The funds are repaid later through future property tax revenue that is generated by companies that locate or expand in that area. These funds can be used for worker training by employers located within or expanding or moving into an eligible TIF district; by a group of employers located within an eligible TIF district with common

training needs; and by non-profit organisations – such as industrial councils, community development corporations, business or trade associations, labour organisations or training providers – that will train and place Chicago residents into a business located within an eligible TIF district. Priority for funding is given to manufacturing companies and businesses that demonstrate that training will make them more competitive.[4] Organisations are required to put up matching funds, but this requirement may be waived for small businesses and for employers who work with non-profit groups. Some of the matching funds that businesses receive under this programme can be used for employees' salaries while in training. TIFWorks operates in co-operation with the city's Department of Planning and Development, the Department of Finance, and the Chicago Workforce Board. It started in July 2003 with USD 3.9 million to train incumbent workers and new employees. The money comes from a USD 5 million loan from the city that is placed in a revolving fund.

MOWD contracts with community colleges and other third party providers to offer training courses. MOWD staff commented that proximity of the training facilities to the worker's residence and convenient hours are key qualifications for participants, particularly for those who live in high-crime areas. Staff also emphasised that it is important that incumbent worker training occur in an environment in which the trainees are comfortable. The staff reported that two one-stop career centres are located at community colleges, because some people place a stigma on public employment offices and "would like to say that they are going to college and not to an unemployment office".

The MOWD staff supports a network of partnerships. Part of the motivation for this stems from the lack of adequate funding to accomplish the goals set out by the local workforce system. Partnerships offer an opportunity to leverage their resources. Another reason to form partnerships is that the WIA legislation, which most of MOWD's programmes come under, requires staff to spend more time forging partners among organisations and working with these organisations in their role as customers. One staff member offered that "partnerships are crucial to making things work for everyone; we need to have everyone moving in the same direction and need to work on partnerships in which each party will bring something to the table, particularly when funds are decreasing". Under the umbrella of programmes administered by the workforce board, staff co-ordinates services through regular meetings with case workers from several departments and agencies.

One of the barriers to more effective integration of services is the lack of a single management information system that can track common outcomes across agencies. Each agency has its own system. They have implemented an innovative system using "swipe cards" to record who is using core services, but this falls short of being able to share information across departments.

Another difficulty is the inherent problem of aligning goals and standards among the various partners. While they may buy into a common goal, turf issues still remain and can get in the way of effective collaborations. A complicating factor is that under WIA legislation, workforce investment boards must subcontract with third party providers to offer services. Even though these relationships are governed by contracts that specifically state performance standards, they are still arm's-length arrangements; it is not always possible to monitor the approach that subcontractors take in dealing with customers or in offering the level of customer service and satisfaction. For instance, many training programmes are provided by community colleges, and in many cases they fit these programmes into their regular schedules and into a format designed for their regular students. Even though the workforce board understands that this approach may not be what employers prefer, they find it difficult to change the culture of community colleges to provide a more customised service.

Partnerships are also crucial in gathering information about the needs of employers. Market-driven or demand-driven services are the current focus of state and federally funded workforce systems. Assessment of the needs of businesses starts with the composition of the local workforce boards. WIA legislation requires that local boards include a majority representation of local area employers, so that broader input can be brought to the decisions on what type of training to provide. Many local boards also focus on sectoral issues; they provide services to companies and workers within designated sectors, many of which are high-tech or health industries where severe worker shortages exist. This approach follows the federal lead in which the US Department of Labor has targeted a handful of sectors for special attention. Even with the federal government taking the lead on this initiative, the funds available for training are relatively small.

According to MOWD staff, another constraint facing local workforce boards is that training and employment services must meet the performance standards imposed by WIA. The state can waive some requirements, such as the money that flows through the state's economic development agency for customised training to retain or attract companies. But for the regular WIA programmes, participants must satisfy specific eligibility requirements and providers must meet performance standards. As one staff person pointed out, "if we miss one performance standard, we could lose financially".

Even with the focus on partnerships and strong business representation on local boards, companies still express concern that their needs are not met. One problem MOWD faces, along with other workforce investment boards, is that as a public agency it is in the position of trying to satisfy everyone, whereas non-government organisations can be very targeted in whom they serve.

Non-government workforce intermediaries

A. Purpose

In addition to worker training programmes that are provided directly by the employer or government, various types of intermediaries have formed to facilitate partnerships among government and non-government organisations to address the needs of employers within specific business sectors. These partnerships include business, government, unions, universities, and non-profit organisations and are typically formed at the local level to address specific needs in their respective communities. In many cases, these partnerships identify gaps in services that are not met by existing government programmes or by the private sector, and then pursue measures to fill the deficiencies. The current focus on sectoral initiatives to help low-skilled workers gained momentum in the early 1990s with support from the Charles Stewart Mott, Ford, and Annie E. Casey Foundations (Giloth, 2004).

Proponents of workforce intermediaries see them performing three important functions that they contend the current workforce development system – even with the partnerships formed by workforce investment boards – cannot adequately fulfil. First, workforce intermediaries are entrepreneurial by focusing on outcomes such as long-term job retention and career mobility. Second, they partner and network across a much wider range of organisations than workforce investment boards since they have more flexibility and motivation to include the educational system, foundations, and other non-government organisations, and since businesses may find them to be more attentive to their needs. Third, they have the ability to learn and adapt as market conditions and opportunities change (Giloth, 2004).

While many aspects of workforce intermediaries, such as the formation of partnerships and the integration of services, are similar in form to workforce investment boards, their proponents argue that WIBs fall short of what workforce intermediaries have the potential to accomplish. First, they argue that WIBs do not have sufficient authority or resources to bring all the pertinent partners together, principally the educational system and businesses. Second, the scale and diversity of local labour markets call into question the limits of what WIBs can accomplish through their more centralised planning approach. Third, the fact that WIBs must comply with government regulations and deal with bureaucratic issues reduces their ability to be innovative and flexible in meeting local needs (Giloth, 2004).

One area in which many workforce intermediaries have focused their efforts is the provision of training to upgrade the skills of incumbent low-skilled workers. These partnerships view the need to upgrade the quality of the workforce of key industries in their regions as crucial to promoting a competitive and viable regional economy. The goal of sectoral programmes is

to provide value to employers and to strengthen the target sector while creating pathways to employment and advancement for low-income individuals (Zandniapour and Conway, 2002).[5] The premise upon which many of these programmes are established is that partnerships can enhance the limited government resources that are available for training. By creating links with the target industry and focusing on the needs of businesses within those industries, proponents of the sectoral approach contend that the synergies that result from forging successful partnerships can unleash additional resources from the private sector and make the training more efficient. These additional resources take the form of cash and in-kind contributions from businesses, including fees for services, and from foundations. Also, by obtaining funds beyond what is provided by government programmes, workforce intermediaries are able to provide more services and to support an administrative infrastructure to engage the partners more fully.

To date, no rigorous evaluation has been conducted to assess the net impact of non-government workforce intermediaries.[6] Studies have been conducted of several workforce intermediaries, but these studies did not include comparison groups, which would have established the necessary counterfactual to judge the net impact of the programmes and their interventions. More rigorous evaluations have been carried out for programmes administered by the WIBs – but here too, the effectiveness of WIBs as intermediaries has not been explored, only the effects of individual programmes. Therefore, we are left to draw tentative conclusions based upon the limited cases covered in this study tour and additional information gleaned from other sources.

B. Characteristics of workforce intermediaries

By their very nature, workforce intermediaries are not easy to characterise because they take different approaches and include various partners to serve the needs of people and businesses in their locale. The National Network of Sector Partners (NNSP), a national support centre for sectoral workforce development initiatives, conducted a survey to try to ascertain the number and characteristics of such organisations. NNSP used four criteria for inclusion in the survey: organisations had to: 1) operate programmes with a focus on two primary customers – those whose skills are being built and the employers/industries in which the employees work or will work; 2) expressly work with low-income individuals and low-wage workers; 3) provide a menu of services; and 4) invest in longer-term career advancement (Marano and Tarr, 2004).

The survey, carried out in 2002, found 243 organisations across the United States that met the criteria listed above. The largest concentration was in the West and the Midwest: 56 and 52, respectively. Though the types of

institutions that house workforce intermediaries are quite diverse, nearly three-quarters are located in non-profit organisations, with 22% in community-based organisations and 10% in economic development organisations. On the other hand, 23% were found in workforce investment boards, and the percentage could be higher since some WIBs established non-profit structures to house them. An additional 15% were attached to educational institutions, most of which were publicly supported organisations. Only 4% were found in business organisations or associations (Marano and Tarr, 2004).

The workforce intermediaries surveyed reported that they provide multiple services. Identifying employer needs was the most prevalent service, provided by 82% of the organisations. Job readiness services, occupational skills training, and career counselling and job placement were close behind, with percentages ranging from 81% to 79%. Sixty-eight per cent of the organisations reported providing incumbent worker training. Seventy-five per cent of the respondents reported providing services directly to employers, such as technical assistance and supervisor training and human resource services. Over half of the intermediaries responded that they target specific industries for their services (Marano and Tarr, 2004).

Workforce intermediaries vary in staff size, budgets, and number of customers served. While 40% of the respondents reported staffs of more than 21 individuals, 29% employ 5 individuals or fewer. Similarly, half the organisations had budgets of less than USD 750 000 a year, while the budgets of more than one-third exceeded USD 2 million. Two-thirds of the intermediaries served more than 500 customers, while 11% served fewer than 100 customers each year.

Funding came from a variety of sources. The majority of financial support came from government programmes, with WIA and welfare funds at the top of the list. Two-thirds of the organisations received WIA funds and nearly half received welfare funds. Next on the list were foundation funds and fees for service, with 43% and 29%, respectively. However, workforce intermediaries reported that support for incumbent worker training and supportive services needed by the customers were difficult to obtain (Marano and Tarr, 2004).

Several projects stand out as excellent examples of successful training efforts for low-qualified incumbent workers. Among these are the two that the OECD study group visited and which are included in this report – the Jane Addams Resource Corporation in Chicago and the Wisconsin Regional Training Partnership in Milwaukee (see the map below). Both are located in the US Midwest in areas that have experienced a decline in manufacturing jobs, and thus a reduction in higher paying jobs for relatively low-qualified workers. At the same time, the survival of businesses in these manufacturing sectors

Figure 5.2. **Midwest Region**



Source: Education Place: *www.eduplace.com*

depends to a large extent on the availability of qualified workers who can help improve their productivity at competitive labour costs. Both organisations focus on assisting businesses in specific sectors and training low-qualified incumbent workers.

C. The Metalworking Skills Program of the JaneAddams Resource Corporation

One of the workforce intermediaries visited by the study tour was the Jane Addams Resource Corporation (JARC). The primary goal of JARC is the retention and growth of local industry and jobs within the Ravenswood neighbourhood on the North Side of Chicago. Since its inception in 1985, JARC's approach has been one of combining workforce development with economic development through providing a broad range of economic development, education and worker training programmes and services. Its efforts are targeted within an industrial corridor and surrounding neighbourhoods on the Chicago's North Central side . It helps small, locally owned manufacturers remain competitive and stay in the area in order to provide decent-paying jobs to local residents. JARC staff and business owners report that smaller manufacturers are finding it increasingly difficult to compete with larger companies and foreign competitors, in part because of

the lack of access to a qualified workforce. JARC attempts to bridge this gap by providing technical assistance to manufacturers and job training to incumbent workers.

JARC is governed by a 14-member board with strong representation from the business community in and around Ravenswood. Its staff is organised into four departments: Operations, Economic and Human Development Programs, Training Programs, and Adult Learners Programs. JARC also hires contractors to provide some of the training courses. Its 2003 budget was roughly USD 950 000, with 85% of the expenses going to programme services. Support came from a broad number of foundations, corporations, government programmes and individuals.

Local economic conditions

JARC's mission is to promote the development of healthy communities in the Ravenswood corridor and the surrounding neighbourhoods of North Center Lakeview, Lincoln Square, Edgewater, and Uptown, all located in the North Central part of the City of Chicago. The Ravenswood Corridor, which is about twenty blocks long (roughly 2.5 miles) and four blocks wide, is the focus of JARC's industrial retention efforts and houses the agency's offices and training centres. Training programmes have expanded to include companies outside this area, but as they were originally designed to meet the needs of residents and businesses in these neighbourhoods, many of the enrolees still live in the immediate area. The discussion of local economic conditions and the local skill base will therefore be confined to these neighbourhoods.[7]

These neighbourhoods have undergone significant change during the past decade. The area is characterised by older homes with a large proportion of residents from different ethnic and racial backgrounds. Nearly 75% of the homes were built before 1939. In some neighbourhoods, as many as half of the residents speak a language other than English, mostly Spanish and Bosnian. While the population in the area has declined by roughly 11% from 1990 to 2000, there has been considerable change in the makeup of the neighbourhoods. During the past decade, the neighbourhood has seen a large influx of new residents. In some areas 70% of the residents did not live in the same house five years earlier. This has brought about a change in racial mix and income status. In 1990, 32% of the residents were Hispanic American; by 2000 the proportion had declined to 29%. The African American share of the population also declined during the decade, from 6.6% to 5.2%.

During the past ten years, more affluent people have moved into the area. As a result, the median income has more than doubled during the decade, and the percentage of residents living below poverty has fallen from 16% to 11%. The median income for all the neighbourhoods included in the study, as

defined by census tracts, is as much as 40% higher than the USD 45 900 median income for Cook County, which encompasses the City of Chicago. The gentrification of the area is also evident in educational attainment of area residents. From 1990 to 2000, the share of all persons aged 25 or older with more than a high school education increased from 56% to 70%. Although JARC's mission is to retain manufacturing jobs, it does not appear that the increase in household earnings is a direct result of more manufacturing jobs. On the contrary, the percentage of workers employed by manufacturing firms fell from 25% to 14%, and an even smaller share of workers held production jobs in the manufacturing sector. Actually, a higher proportion of residents is commuting outside the area to find higher paying jobs. As a result, the share of residents who commute more than 45 minutes has increased from 24% in 1990 to 31% in 2000.

Despite the overall increase in household income and educational attainment, there remain serious deficiencies in the local skills base. A significant number of the residents report having less than a high school education and a comparable share claim that they do not speak English very well. In 2000, 15% of the residents over 25 years of age had less than a high school education, with 8% reporting fewer than 8 years of formal schooling. Still, progress has been made in educational attainment, as these percentages were twice as high ten years earlier. In addition, English proficiency is a problem in some neighbourhoods. As many as 20% of the residents reported that they spoke English less than "very well". This compares with an average of 7% in surrounding neighbourhoods not covered by JARC, indicating that there are enclaves in which literacy is an issue.

JARC serves a lower-income and lower-skilled population than is the norm for these neighbourhoods, particularly in recent years. JARC staff reports that recent enrolees in their Metalworking Skills Training programme have the following profile. Fifty-four per cent of the enrolees are Hispanic American and 8% African American; 60% overall have a high school degree or equivalent but only 13% have gone on to take college courses. Twenty-seven per cent have less than a high school education. In addition, about 34% of those working before completing the programme are living in poverty.

This profile mirrors to a large extent the characteristics of individuals who participate in the WIA adult programme in that part of Chicago, with a few notable exceptions. It is not possible to make a direct comparison since the information from the WIA adult programme encompasses a larger area than the neighbourhoods from which JARC draws its clients. It nonetheless does offer a useful comparison group. Information from the Chicago Workforce Board (LWA 9) shows that participants in their adult programme have the following profile. Fourteen per cent are Hispanic American and 73% are African American. Of the latter group, 51% have received a high school

degree or equivalent and 22% have gone on to take college courses. However, 21% have less than a high school education. In addition, 94% qualify as low-income persons, which means that they are members of a household earning below the poverty line or qualifying for poverty-related programmes. Nearly half are single parents and about 5% have limited English and thus literacy proficiency problems. Therefore, while there are significant differences in racial/ethnicity composition, which may reflect the neighbourhoods from which these programmes draw, both groups of participants have low skills and are economically disadvantaged. However, since the Workforce Board adult programme serves mostly those who are unemployed (only 12% had prior employment within three months of enrolment), this group is probably harder to serve than the enrolees in JARC's incumbent worker programme.

Local employer base

Within JARC's service area, roughly 200 businesses employ about 5 000 workers. Sixty per cent of the businesses are traditional manufacturers; many are in the machine tool trade. The other 40% are engaged in retail and service-related activities. The local machine tool manufacturers are typically small concerns, many of which have been in operation for several decades. They increasingly face intense competition from larger companies outside the area and from foreign firms. Their survival depends in part on a highly skilled local labour force. As local workers retire or move out of the area, these businesses face a shortage of skilled workers, particularly those who have specific training in the machine tool trade. While the population in the area has declined, the number of residents working has increased slightly. Therefore, with 96% of the working age population employed (a much higher percentage than the national average of 66%) – at least in 2000 and the latter part of the 1990s – competition for workers, particularly skilled workers, is intense. More recently, the unemployment rate has increased as the Chicago-area economy has been disproportionately impacted by the national slump. The 2001-02 recession hit manufacturing jobs particularly hard, but these jobs continue to decline even as the recovery gains momentum. In July 2003, Chicago's unemployment rate was 8%, the highest since the early 1990s. JARC reports that 20% of the unemployed in the area have been out of work for more than six months, which means that those in this group who claimed unemployment compensation have exhausted their 26 weeks of regular UI benefits.

Local infrastructure

Area businesses, particularly manufacturers, complain that local workers do not possess the skills necessary to fill their vacant positions. Even incumbent workers do not have the appropriate skills to advance in their

professions, and many companies are too small to provide such training on their own. The lack of skilled workers has immediate and visible effects on operations. The owner of one company reported that he was experiencing extensive damage on equipment due to poorly trained workers. Traditional sources of training have not stepped up to meet the challenge, according to area business owners and workers. Local vocational high schools, which once provided specific skill training, have stopped offering such courses. JARC staff commented that they cannot rely on local one-stop career centres for referrals to training. Under the Workforce Investment Act, local workforce development boards are required to meet performance standards. These standards are not adjusted for harder-to-serve customers who may have more difficulty finding employment. Consequently, local workforce boards are reluctant to enrol such individuals into training programmes for fear of not meeting their standards and facing financial sanctions by the federal government. JARC staff also mentioned that they tried to work with community colleges to provide training but the community college staff did not understand the low levels of literacy of those that enrolled in JARC's training programmes.

Since we have established that most government-supported training programmes are geared to those who are currently out of work, it is clear that they are not tailored to meet the direct needs of employers or their incumbent workers. Employers complain that the training offered by community colleges do not address their specific needs. Students are trained on equipment that does not necessarily match what they actually use in their own business. The class format and class schedule are rigid, and workers have difficulty finding classes that are offered outside of the normal work hours. Also, few classes are taught in languages other than English, so many local residents from different ethnic backgrounds who need the training find it difficult to manage a class in English.

Area companies that partner with JARC understand the value of worker training. Many businesses are willing for workers to take time from their normal responsibilities to attend training. They give financial compensation for work and in some instances pay workers for their time in training. Workers receive this compensation even if the training is in the evening. Some businesses are willing to pay workers while they are in training. JARC staff reports that 50% of companies involved with their training are willing to pay full salary, while the other half will pay for half the time they are in training. Businesses also see training as a way to retain workers, and are not concerned that workers will use their training to find a higher paying job with a competitor. In fact, some owners offered that workers who received training were more loyal to their company; they believe that their employers have plans for them in their businesses because they provided the time for them to

receive training. Managers also see training as a way to determine who is motivated among their staff by observing who is eager to take training and who is successful in completing it.

Workers are motivated to take training in order to advance in their careers. Many workers ask their managers for competency training, and they value the credentials that accompany training. One trainee interviewed for this study commented that training to him was an investment in his future: "Working hard and making sacrifices now will make me better off after training."

Local governance

In 1984 the City of Chicago initiated the Local Industrial Retention Initiative (LIRI), which provided funds to established community organisations to act as liaison between the city and businesses. In 1985 the Jane Addams Resource Corporation became one of these groups, which combined funding from the city and other sources to provide a range of services to help maintain and modernise manufacturing firms. JARC also collaborates with other training providers and retention efforts – including the Regional Manufacturing Training Collaborative, formed in 1999 with the goal of maintaining Chicago's advantage in manufacturing sector.

Initiative

JARC's training initiative for low-qualified incumbent workers started as a partnership with one of Chicago's city colleges. As demand for skills in metalworking grew, JARC opened its own training centre in partnership with two metalworking companies. This study focuses on the Metalworking Skills Program (MWSP), initiated by JARC in 1991. Begun as a pilot with only seven workers, it has grown to serve as many as 280 workers and 30 companies in a single year. In 2003, 95 workers from over a dozen companies located in the immediate neighbourhood as well as in the rest of Cook County and adjacent counties of DuPage and Lake participated in the programme. Most of the businesses are small establishments and for the most part are not unionised.

According to the JARC Web site,

> The Metalworking Skills Training Program (MWSP) is a sectoral training program focused on the stamping sector of the metalworking industry. MWS seeks to provide low-income, low-skilled employed workers with access to training that addresses basic skills upgrading and technical skills acquisition in a language and context that best meets their needs. Additionally, it seeks to change the way in which employers hire, train, and promote employees and assist companies as they strive to become more productive (*www.jane-addams.org/*).

The training of incumbent workers is but one aspect of JARC's overall operations. JARC sees itself as a broker organisation with the purpose of helping companies in their area remain viable business entities in order to maintain a strong employment base for the neighbourhoods. JARC works closely with local businesses to identify their problems and then to help find the resources and tools that can best tackle those problems. Other activities include a real estate development venture in which it rehabilitates buildings to preserve quality industrial space in the area; a 14-week certificate course for under- and unemployed men and women that teaches the fundamentals of metalworking; and an adult learners' programme.

MWSP focuses on a single industrial sector – metalworking – and provides services to a relatively small number of employers. This follows directly from JARC's original mission of retaining the manufacturing base in the Ravenswood Industrial Corridor and surrounding areas. One of the innovative aspects of MWSP is that training is, as implied above, demand driven. One business owner stated that he looked to JARC for training for several reasons. JARC provides flexibility in the types of courses offered to employees And arranges times and places convenient to employees. Courses are also provided in languages other than English to meet the needs of a diverse workforce. They are contextual, in that they offer training on the same types of machines that the employees actually use in the workplace. Even the curricula for the basic literacy and numeracy courses are geared towards metalworking. Finally, the cost of the training is competitive, particularly when supplemented with funds from state and federal programmes. The Executive Director of JARC, Anita Flores, stated that "companies are in the business to make parts; it is not their job to be educators… This is where JARC can step in".

The MWSP classes are held both onsite and at the Training Centre for the Metalworking Trades, a facility that JARC recently built. Onsite training typically takes place in companies that have enough workers seeking training to host a class of viable size. Workers from smaller companies with too few employees for a class can enrol in the classes offered at the JARC training facilities. The classes are taught by tradesmen with on-the-job experience in factories. Instructors teach classes in English, Spanish and some Eastern European languages. Training experts from JARC will visit companies free of charge to discuss and develop a plan that meets their needs. If JARC cannot meet their needs, then they will help the company find a training provider than can.

Training includes a variety of courses, such as basic shop math and metrology; blueprint analysis; Trig for the Trades; Quality Control (QC) for measuring; drill press set-up and operation; punch press die setting; and Computer Numerical Control (CNC) programming and welding. The classes are customised and incorporate company documents and blueprints. Some

classes taught at JARC use donated equipment from the companies.[8] Literacy classes are taught using vocational literature, so that the instruction is relevant and understandable to the incumbent worker.

Since January 1996, JARC has sponsored an apprenticeship programme for punch press die setters, as approved by the Bureau of Apprenticeship and Training. The courses are typically offered in 6- to 8-week modules. For most courses, instruction is available either at the company or at JARC. Classes are typically taught in English and Spanish, and several of the courses are offered in Polish and Bosnian. Training is on company time, even if it takes place at JARC. Half of the companies pay their workers full salary while the others pay half their salary.[9]

JARC screens applicants for training programmes according to the following criteria:

- They must have a realistic wage expectation.
- They must have no prison record and no pending criminal cases.
- The must have a strong desire to learn.
- They must have a work history.
- They must be able to read at a 6th grade level.

Those who do not qualify under these requirements can take other remedial courses and reapply. Instructors administer diagnostic tools at the beginning of each class to assess the students' needs. Students are graded, and a minimum grade of 75% is required to pass the course.

JARC recruits both companies and employees into the Metalworking Skills Training Program. Recruiting helps to ensure that applicants will have the appropriate qualifications for training and for the needs of businesses. In contrast, workforce investment boards, through the government mandate of universal access to re-employment services, must accept anyone who is seeking assistance. Consequently, the performance of government workforce agencies reflects the diverse customers they serve.

JARC's funding comes from several sources. In recent years, JARC has made a conscious effort to diversify these sources. For the latest programme year ending 30 June 2003, the three largest funding sources were from foundations, from government, and self-generated. The foundations provided nearly USD 300 000 of the USD 866 000 budget, more than a third of the total amount. Contributing to JARC's programme were the Chicago Community Trust, Joyce Foundation, John D. and Catherine T. MacArthur Foundation, and 17 others. In addition, 50 businesses, including IBM, Bank One, and Allstate Insurance, made cash and in-kind donations. JARC received roughly USD 270 000 from federal, state, and City of Chicago agencies, with the state providing the largest amount. Programme fees contributed another

USD 181 000. For 2003, JARC ran a budget deficit of USD 24 000. Most of the expenses are related to the programme. Less than 16% of expenses go toward management and general operations and fund raising.[10]

Funding has declined over the past few years, primarily because of the fiscal crises hitting all levels of government. In 2001, total operating expenses reached USD 1.39 million. This budget allowed JARC to serve over 800 clients (in all programmes) at an average cost of USD 1 732. One factor contributing to the smaller budget for 2003 and the inability to serve as many students was the demise of the Prairie State 2000 Authority funding. This had been a major source of funding for the MWSP during much of the 1990s. JARC staff has also made a strategic decision to depend less on federal funding because of the restrictions imposed on what they can do with the funds. As a result, overall training enrolments have dropped from 500 per year to around 250. During the 2003 programme year, 95 workers participated in the MWSP either by enrolling in, continuing or completing one or more of the various courses offered.

Outcomes of the local initiative

JARC and its training programmes have been studied extensively by several organisations. It was selected as a model employment development organisation nationally by the C.S. Mott Foundation, the Ford Foundation and the Aspen Institute during the 1990s. JARC participated in the Aspen Institute's Sectoral Employment Development Learning Project (SEDLP), which was launched in 1997 to document and evaluate selected sectoral programmes in quantitative and qualitative terms and to disseminate the findings to interested policy makers and practitioners. The Great Cities Institute at the University of Illinois at Chicago highlighted JARC as a model agency that fully applies the principles of effective workforce development to help the urban poor and meet the needs of the community. In 2000, JARC was selected as a local "best practices" winner by the Illinois State Office of the US Department of Housing and Urban Development for its efforts in developing the assessment test for the Metalworking Skills Training Program; the test is used by training programmes nationally.

Thus, JARC has come under close scrutiny by a variety of organisations and has been acknowledged as an innovator in providing training to low-qualified incumbent workers and for its work in the community. The Aspen Institute included JARC in their evaluation of sectoral workforce development programmes. The evaluation was based on a survey of 732 respondents from six different programmes. The survey was conducted between 1997 and 2001, a time when many participants faced a tighter labour market than what they faced during the last two to three years. Yet, the study offers valuable insights that cannot be gained from a handful of one-on-one interviews (Zandniapour and Conway, 2001). One caveat in reporting these results is that some of the

respondents associated with JARC's programmes may have been non-incumbent workers; the report is not explicit about who was included in the survey.

The study reports that the training completion rate for JARC is 94% and the average attendance rate is 80%. Ninety per cent of the trainees reported that they used skills or knowledge acquired in the training programme on the job, which is not surprising since they were told this would be the case. About a third of the respondents reported that their training helped them get a job, but those respondents included everyone in the Unemployed Training Program. These rates compare favourably with what JARC reported for 2002 and 2003 for (only) the incumbent workers programme: 97% completed the MWSP. In 2002 the programme enrolled 188 workers, with a completion rate of 91% and an attendance rate of 80%. In 2003, the completion rate for the 95 enrolees was 97% and the attendance rate was 80%.

According to the Aspen Institute analysis, participants experienced an increase in total earnings a year after they exited the programme. JARC participants reported baseline earnings of USD 26 278, higher than the median annual earnings for those in metalworking trades for the entire Chicago metropolitan area.[11] After a year, their earnings rose to USD 30 225, an increase of 15%. This increase may be biased upward, since only 71% of those who responded to the baseline survey responded to the first-year follow-up survey. Those who did respond to the follow-up had higher earnings than the full baseline group. Factoring in the baseline earnings of the follow-up group yields an increase in earnings of only 5% after one year, not 15%. All of that increase came in the form of higher hourly wages, since their working time actually declined by 87 hours over the year.[12]

A comparison can be made with participants receiving occupational and skill upgrading training offered under the WIA adult programme through the Chicago Workforce Board. In 2001, these individuals experienced a larger percentage increase in annual earnings than those from the JARC programme – 58% versus 15% (or 5% using the recalculated earnings increase). However, the WIA participants started with a much lower earnings base than the JARC participants, averaging only USD 11 600 per year compared with USD 26 278 per year. Even with the 58% increase, the earnings of WIA participants a year after exiting the training programme were only USD 18 428. This comparison in part reflects the fact that JARC trainees are not as economically disadvantaged as participants in the WIA adult programmes. The percentage of low-income people in the latter reaches 90%, while less than half of the JARC trainees fit this category.

JARC also advocates changes in the workplace and in the funding and delivery of government-sponsored programmes. Staff members work with local metalworking companies to assess their workforce needs. They also appear before legislative groups in an attempt to effect changes in the

availability of funding for manufacturing and incumbent worker training, among other issues. Anita Flores noted that their efforts to restore some state funding may bear fruit in the coming fiscal year. It is difficult to measure the impact that individual lobbying efforts have on legislative changes or that staff intervention has on the way businesses approach their workforce needs, but it appears that their cumulative efforts have increased the awareness by government officials and businesses to the needs of low-skilled workers.

JARC's sustainability depends on its ability to retain and develop funding sources. Its growth during the late 1990s was supported by funds from the State of Illinois's Prairie State 2000 Authority. When this programme was discontinued, it was difficult to find other sources that could equal the amount the Authority had made available to JARC. However, JARC has achieved a fairly diverse funding base, with 20% from fees and 25% from foundations. The successful completion of a large capital campaign for the construction of the training centre is a positive sign of continued corporate support for the organisation.

D. Wisconsin Regional Training Partnership

The Wisconsin Regional Training Partnership (WRTP) was the second non-government workforce intermediary that the study tour visited. WRTP was established in 1992 in response to the dramatic shift away from manufacturing in the Milwaukee economy during the 1980s. During that time, the Milwaukee economy lost a third of its traditional industrial base. The Wisconsin AFL-CIO trade union realised that its displaced worker programme offered only a limited response to the broader issues facing their members and the Milwaukee workforce. Seeking broader solutions, the union partnered with employers and with the Centres on Wisconsin Strategy at the University of Wisconsin. Since then the WRTP has partnered with an array of agencies and institutions to create programmes that help develop family-supporting jobs, improve the skills of current employees, and recruit unemployed and low-income workers and youth into the sector. The partnership now has 63 member firms, 42 local unions and 14 international unions accounting for 60 000 industrial jobs in the area – more than one-fourth of the total. Its initial focus on incumbent workers has created opportunities for the organisation to expand to school-to-work programmes for youths, welfare-to-work help for unemployed workers and modernisation of firms.

WRTP is a membership-based organisation governed by a ten-member board of directors comprised of employers and union leaders. The board meets quarterly and sets policy for the organisation as well as providing important contacts with businesses, unions and government. WRTP's budget reached USD 1.7 million in 2002. The organisation has a staff of around 22 and uses outside contractors to provide some services.

Local economic conditions

While the WRTP draws many of its trainees from lower-income areas within the city of Milwaukee, it works with employers throughout the Milwaukee area. Therefore, the County of Milwaukee, which includes the City of Milwaukee, is used as the service area for WRTP. The population in the county is 932 012 and private non-farm employment stands at 472 647. The Milwaukee economy has traditionally been heavily dependent on manufacturing jobs. Although manufacturing's share of total employment has fallen over the past two decades, it is still 5 percentage points higher than the national share. In the late 1980s, manufacturing's proportion of total private employment was 24%. By 2003, the share had fallen to 18%. Since 2000, about the time the most recent national recession began, Milwaukee County has lost 28 000 manufacturing jobs, a decline of 17.2%. This loss accounts for three-quarters of the total loss of jobs in Milwaukee during the past three years. During that same period, the unemployment rate has climbed from 3.8% to 6.0%. African American workers have experienced much higher joblessness, around 12 percentage points higher than their white counterparts.

Within Milwaukee County, persons of colour comprise 38% of the population. This proportion is nearly three times the share for the state of Wisconsin. The two predominant groups are African Americans, who make up 24.6% of the population, and persons of Hispanic American origin, who account for 8.8% of the population. There is also a strong ethnic component as evidenced by 13.1% of the population speaking a language other than English at home.

Educational attainment in Milwaukee compares favourably with that state-wide. A lower percentage of Milwaukee residents graduated from high school, but at the same time a slightly higher percentage have received bachelor's degrees or higher. Within Milwaukee County, 80.2% of persons 25 years of age or older graduated from high school, compared with 85.1% state-wide. On the other hand, 23.6% have received bachelor's degrees or higher compared with 22.4% for the state. Nonetheless, median household income within Milwaukee County is USD 5 700 below the state average: USD 38 100 versus USD 43 791. Correspondingly, the percentage of the county population below the poverty level, which stands at 15.3%, is nearly twice as high as it is for the state. The rate of homeownership, on the other hand, is slightly below the state average, with 52.6% owning homes in the county compared with 68.4% state-wide.

Local employer base

The local employment base is more dependent on manufacturing than most localities; however, the share and numbers have fallen during the past

two decades, and there has been a dramatic decline of 17% since 2000. Employment in the retail and service sectors has balanced the loss of many of the manufacturing jobs but generally at lower wages, particularly for lower skilled workers. Total private employment remained virtually unchanged from 1990 to 2000.

The industrial base is concentrated on capital goods, including machinery and equipment for agriculture, mining, construction, manufacturing and healthcare. During the early 1980s these sectors were hit hard by the twin recessions that marked the beginning of that decade. Nearly one-third of manufacturing jobs were lost and several large businesses, which offered high-paying jobs within these sectors and career progression, were drastically downsized; some were even forced to close. Companies that survived were forced to automate or relocate to the suburbs where newer, more efficient plants were built or renovated. Smaller companies emerged to fill niches left by the closures or downsizing, but most of these did not match the higher wages of the jobs they replaced and most were non-union facilities. Many of the remaining high-wage, union-represented jobs were still at risk if they did not show substantial improvement in quality and productivity, and unions were under great pressure to accommodate a leaner production process and to adapt to newer technologies. Thus a good deal of tension developed between employers and unions, putting at risk the future of the remaining union-represented firms.

Local infrastructure

WRTP was launched in the early 1990s because of widespread concern that Milwaukee was losing its manufacturing base and with it, relatively high-paying jobs. The loss of manufacturing jobs could be explained by several factors, but WRTP focused on two major issues – employer and union relationships, and the need for a highly trained workforce to fill vacancies left by an ageing manufacturing workforce. Compounding the situation was the highly successful Wisconsin Works programme, which reformed the welfare system in Wisconsin and became the role model for the national welfare reform movement during the mid-1990s. While the Wisconsin Works reform was successful in moving low-wage and low-skill workers from the welfare roles to employment, it also meant that employers were facing a large pool of low-qualified workers who were not trained to fill the vacancies left by retiring workers.

In response to this situation, the state AFL-CIO began to encourage the development of workplace education centres among co-operating employers and their affiliates during the late 1980s. The unions and companies they represented formed steering committees to design and develop onsite training programmes. Matching funds were found from government programmes to

hire an instructor from a technical college to serve as a neutral third party for assessment, counselling, education, and training services.

During that same time, a research institute housed at the University of Wisconsin-Madison conducted a study on the local workforce and found that the demand for highly skilled and committed workers in the state's manufacturing sector was relatively weak and highly uneven. The study reported that employers complained about the skill deficiencies among current employees and job applicants. These deficiencies were typically related to basic skills and worker attitudes. The Governor's Commission on a Quality Workforce found similar evidence of workforce deficiencies and came to the conclusion that public efforts, primarily through the available federal and state training programmes, were unlikely to lead to better jobs or more competitive firms. The report recommended substantial changes in workforce systems and greater employer investment in training (see Parker and Rogers, 2000).

One obstacle facing this emerging partnership between unions and employers was the traditional stance taken by unions and management. Unions customarily regulated base pay, workloads and job security in order to reap benefits for their members; management closely guarded their prerogative to make decisions without consulting or negotiating with the union. For this partnership to work, both sides had to give up their traditional roles. Unions needed to become more deeply involved in securing productivity gains by agreeing to be more flexible and to base pay and promotion on competencies and performance. Management needed to be willing to give unions more of a voice in human resource practices and share the gains of co-operation with unions.

Local governance

Seventeen months of negotiations between unions and employers led to the creation of WRTP in November 1992. The Partnership was formed to expedite the process of getting unions and employers to agree on these basic principles. The organisational charter specifies general commitments among participating employers and labour union leaders, with involvement by academics and public agencies, to jointly determine human resource practices, increase investment in workforce education, improve re-employment assistance for adults, develop school-to-work initiatives for youth, and benchmark all training efforts to the highest possible standards. More generally, it was envisaged as a national model for labour-driven interventions to assist the economy.

An executive council was created to steer the organisation. It was comprised of an equal number of business, labour, and public sector representatives that oversee the director and commission working groups to

develop specific recommendations for action. Once agreement on these recommendations is reached, they are presented to the membership at an annual meeting for further discussion, clarification, and acceptance.

In addition to the WRTP partnerships, Milwaukee is served by federal and state employment and training programmes which are administered by the Workforce Development Board of Milwaukee County.

Initiative

WRTP initiated the incumbent worker training programme as part of its general objective of training the Milwaukee workforce to meet the needs of local manufacturers in the area. In addition to the goal of upgrading the skills of workers and firms, WRTP set out to:

- Retain and expand high-quality employment in the metalworking industry.
- Build an effective, collaborative relationship between unions and employers.
- Promote intra-union and intra-firm collaborations.
- Provide a union and worker voice in the workplace and the economy.
- Work with public institutions and agencies to support skill development and the quality of employment opportunities (WRTP Annual Report, 2002).

Member companies and unions are committed to:

- Jointly administering workplace education and training programmes.
- Benchmarking expenditures on incumbent worker training programmes as a set percentage of the payroll.
- Expanding future workforce training programmes for unemployed adults and youth.
- Incorporating sectoral skills standards into incumbent and future workforce training.
- Developing a partnership approach to manufacturing extension programmes for supplier upgrading.

Steps to implement an incumbent worker training programme commenced at the first annual meeting in May 1993 with the formation of a working group. The incumbent worker training group met at different locations so that members could see for themselves what the partners were doing at the various plants and skills centres. The working group organised a one-day conference attended by labour, management, and education representatives to discuss what was working and what was not. The group recommended the development of a resource centre to assist members in workforce transformation and workforce development. It also helped develop a survey instrument to identify needs and benchmark progress over time.

One of the major barriers in establishing an incumbent worker training programme within the workplace is assessment. Workers are reluctant to reveal their current competencies and skills; they fear that their job may be in jeopardy if their employer discovers any deficiencies. One of the first tasks of the group was therefore to assure workers and their unions that skill assessments would not be used against them. The working group resolved this issue by enlisting a neutral third party to report results in the aggregate while offering the appropriate training to individuals.

Actual skills levels are mutually agreed upon by the employers and unions. Competencies are determined by successful completion of necessary training or by passing qualification tests. Workers receive confidential assessments of their skills and competencies and counsellors help them ascertain their current status and devise an individualised training plan. Workers have complete discretion over the release of their assessments. Only the facilitators are privy to the test results, and workers must give their consent before facilitators can use this information to confirm their eligibility for upgrades and promotions. Workers are offered the necessary training in the order of seniority.

In many cases, training is offered at the worksite. The working group has developed standard training modules that cut across variations in technologies, processes and products. Standardising the training modules reduces overhead and preparation costs, which is particularly advantageous to smaller companies.

WRTP started with 22 charter member firms and unions concentrated in metalworking, machinery, electronic controls and related industries.[13] Today it has a membership of 67 firms and unions representing industries that include 65 000 workers in the Milwaukee area. Healthcare and hospitality are the most recent sectors to be added.

The funding for WRTP is diversified across several sources, including foundations; government workforce programmes and other public support; and the private sector. A major impetus for the programme in its initial years was a significant grant from the Annie E. Casey Foundation when WRTP was included in the Milwaukee Jobs Initiative. It was also involved in the Mott Foundation's Sectoral Employment Initiative. In addition, it received a demonstration grant from the US Department of Labor to replicate its model of one-stop regional labour market services and expand into other sectors.

In 2002 total revenues for WRTP were USD 1 724 000. Nearly half the revenue came from government job training funds and 27% came from foundations. Its dependence on foundation support fell significantly over the past few years. In 1998, one foundation contributed 68% of WRTP's total revenues; now it contributes only 16%.

Providing workforce solutions to businesses

One way in which WRTP assists businesses and workers is to help them find solutions to their workplace problems. In several instances, WRTP has been instrumental in changing the workplace culture to make way for programmes that improve worker skills and increase the competitiveness of firms. The study tour delegation met with the top management, union leaders, shop stewards and workers of a business that enlisted WRTP to guide it through such a process. Several years before WRTP was approached for assistance, the business – a steel-bristled brush maker – faced increasing competitive pressures and its progress toward greater profitability was impeded by a management/union culture that was not conducive to making the necessary changes to remain competitive. The new management team that took over the operations was committed to changing the culture of the workplace so that new, more productive measures could be introduced. The company is a union shop and the new management team inherited the adversarial relationship between the union and the previous management. The new management recognised the need for greater co-operation with the union in order to accomplish the needed transformation. Union leadership also recognised that changes had to be made in order for the company to remain in operation, but they were reluctant to give up too much of their control.

Based on WRTP's reputation in facilitating successful partnerships between unions and management, both parties trusted the organisation to guide them through these sensitive negotiations. WRTP worked with both sides for a year and a half and successfully mediated a reorganisation that was agreeable and beneficial to both sides.

Under the reorganisation, the workforce was reduced from 97 to 74 employees. Quality teams were established to place greater emphasis on quality improvement and continuous quality monitoring. Employees were encouraged to offer suggestions on how to improve processes and were given financial rewards if adopted. Management and unions also worked together to address social issues that impeded productivity, such as drug and alcohol abuse, and found ways to overcome transportation issues and family responsibility concerns such as childcare needs.

The union agreed to the workforce reduction. As one union leader offered, "it is better to lose 25 jobs than to lose all 97 if the company fails". It also agreed to forego a hierarchical job classification that impeded the flexibility needed by management to improve productivity. Under the new arrangement, workers have only one classification and a portion of their compensation is based on knowledge rather than a specific hierarchical placement. In this way, management has the ability to move workers into

different tasks as demand changes. A gain-sharing incentive programme was also initiated to instil within workers a greater sense of ownership in the company's performance and more of an orientation toward the customer.

In exchange for implementing these changes, management was willing to share much more information and authority with the union than in the past. It was also willing to invest in the workers. A vice president of the company stated that "it had to invest in people for the company to grow and move ahead". WRTP assisted in setting up training programmes for incumbent workers, both low-qualified and otherwise, and in securing funds from various government sources to pay part of the cost. The organisation facilitated the establishment of employee working groups to resolve issues and to devise a strategy for the training programmes. One issue was the diverse makeup of the workforce, with six or more ethnic groups represented. WRTP brought in special counsellors to work with these groups, in particular recent immigrants from Southeast Asia.

Training focused on reading and language skills, job-specific skills, and empowerment teams. The company paid employees for participation in after-hour training (one hour of straight time and time and a half for the next hour). The company also paid for instructional materials.

Management reported a number of improvements since these new programmes were implemented. The incumbent worker training brought the skills of the workforce to levels sufficient for the company to qualify for ISO certification, which it had failed to attain in previous attempts. Management also sensed renewed commitment and greater morale on the part of workers. Conversations with workers and union representatives during the study tour confirmed this impression. The company also experienced a significant increase in productivity, as a result of work-life restructuring, work teams, and the installation of new technology. Management was pleased with the overall progress that had been made in the company's financial performance, worker skill improvement, and union/management co-operation.

Outcomes of WRTP

As indicated from the example of the intervention with the local manufacturer described above, the services and influence of WRTP go beyond training low-qualified incumbent workers. WRTP is a workforce intermediary that provides workplace solutions. In addition to providing training and facilitation, it works with state and local policy makers to effect systemic change in the current workforce system. Two of WRTP's core beliefs are that the workforce system does not have sufficient resources to make the necessary impacts, and that intermediary interventions can make these limited resources go further. WRTP recently partnered with several other

workforce organisations – including the Private Industry Council of Milwaukee County, the Workforce Investment Boards for the Milwaukee area, and several technical colleges – to develop workforce solutions under the regional workforce and economic development venture, referred to as the Initiative for a Competitive Milwaukee (ICM). ICM is a major sectoral-based initiative of foundations, non-government social organisations, private industry and government to improve the competitiveness of Milwaukee with special emphasis on inner city residents.

With respect to the incumbent worker training programme, WRTP reports that they have placed 1 500 low-income residents, mostly from the inner city of Milwaukee, into high-wage jobs. These jobs range in wages from USD 10 to USD 12 per hour and most include full benefits. They also report that in a recent year, the average annual wage increase of those who went through the programme reached 150%, which brought annual earnings to USD 22 000-USD 24 000. The twelve-month retention rate is 75%. Many of the workers who report these outcomes have language barriers (about 33%), have below an 8th grade education (about 33%), and are predominantly of colour, mostly African Americans.

It is difficult to find appropriate groups with which to compare the outcomes of the WRTP programmes. Nationally, the employment rate of those who receive training through adult WIA programmes is 73.5% and the retention rate for the third quarter after exit is 82.6%. While the employment rate is not necessarily applicable since the WRTP training reported in this study is for incumbent workers, the 82.6% national retention rate after three quarters compares favourably with the annual retention rate of 75% reported for WRTP trained incumbent workers. Earnings reported by WRTP training participants also compare favourably with those for WIA adult programme participants; the latter's national pre-programme earnings average USD 13 777. The third quarter after exit, participants average USD 18 600, a 35% increase. Extrapolating another quarter to impute an annual increase would place the earnings at around USD 20 000. Therefore, the outcomes of incumbent workers who go through WRTP's incumbent training programmes are only slight better than the outcomes of those unemployed who received training through the WIA adult programmes.

Using data of local participants who go through programmes administered by the Workforce Development Board of Milwaukee County frames WRTP's outcomes in a more favourable light. The entered employment rate for Milwaukee residents who received training through WIA adult programmes is 60% and the retention rate is 68%. Pre-programme annualised earnings average USD 11 200 with a quarterly change of USD 1 200. Annualising this change yields an average annual earnings level of slightly over USD 16 000. These participants, however, may be harder to serve than the

incumbent workers entering WRTP's programme. First, they are not employed; secondly, nearly 90% have dropped out of high school. In addition, 46% are single parents, and 85% are people of colour. But if the comparison is between incumbent workers and the unemployed, it still offers a useful benchmark to judge WRTP's performance.

WRTP's sustainability depends to a large extent on funding sources. It has benefited from the initiatives of two foundations that focused on sectoral approaches to improving the competitiveness and productivity of businesses by improving the skills of incumbent workers within these sectors. WRTP appears to be well situated in the community and is seen as a facilitator for management and unions to find solutions to workplace problems that benefit both sides. WRTP is also seen as an essential partner in workforce efforts that target low-wage workers. The organisation is a critical partner and leader in the recent regional economic and workforce development initiative, Initiative for a Competitive Milwaukee.

WRTP is also involved in efforts to find workplace solutions within individual businesses and to influence workforce and economic development policies at the city and state levels. The delegation saw first-hand the positive changes that a local manufacturer and its union achieved by partnering with WRTP. The delegation did not have an opportunity to talk with state and local public officials to determine its ability to effect systemic change in the workforce system. Yet, it is fair to say that WRTP is an active partner in local initiatives.

Conclusions

The training of low-skilled workers is critical, not only for the well-being and career advancement of the individual but also for the productivity of businesses and competitiveness of the nation. In recent years, government programmes have reemphasised the need for more training not only to help low-skilled workers find better jobs but also to fill the shortage of qualified workers faced by businesses. Efforts have focused on partnerships between businesses, the workforce system and non-government entities. Both government entities, in the form of workforce investment boards, and non-government organisations, in the form of workforce intermediaries, have formed such partnerships. This chapter attempted through three case studies to compare the efforts and outcomes of the three organisations in forming their respective partnerships to promote upskilling.

The two non-government organisations discussed, the Jane Addams Resource Corporation and the Wisconsin Regional Training Partnership, are among the first to embark on this approach and considered to be among the most successful in assisting both businesses and low-qualified incumbent

workers. These organisations are employer-driven, with a primary emphasis on assisting the businesses with which they partner to become more competitive. They have developed innovative skill assessment tools that they use to help businesses determine their specific needs for skilled labour. By serving the needs of business, they ensure that the workers that qualify for their programmes and that they train can step into a job or advance in their current job. Both organisations offer training for incumbent workers, and both have developed innovative and contextual curricula to help ensure effective training. Training is provided at their facilities and at times at community colleges and technical schools. Employers provide time for their employees to take the courses and many pay employees for the time they spend in class. One difference between the WIBs and the sectoral initiatives is that the WIBs are required to serve everyone who asks for service while the sectoral initiatives can be more selective.

Evaluations of these two programmes and their own accounting show that past participants enjoyed higher earnings after they completed training, and these earnings increased over several years. Also, many workers received healthcare benefits with these higher-paying jobs. Retention rates after a year were also high. While the employment outcomes of participants of these organisations are beneficial, no one has conducted an evaluation that compares these gains to those who were not in the programme. This chapter attempted to construct comparison groups, albeit simplistic ones, in order to offer some perspective on the reported earnings changes. These comparisons showed that incumbent workers may do just as well if they enrol in other programmes. However, without conducting a rigorous evaluation with carefully constructed comparison groups, it is not possible to determine whether workforce intermediaries are more effective in helping low-wage workers achieve higher earnings and work retention.

Another issue is the size and sustainability of the programmes. The two studied have trained a relatively small number of low-qualified incumbent workers. JARC enrolled 95 in the Metalworking Skills Training Program in 2003, and WRTP has placed an annual average of 250 low-wage workers into jobs over a four-year period. While these are important accomplishments, the question is whether these programmes can be scaled up to reach the large number of people who need such assistance. Both rely significantly on government funds to provide services. JARC has experienced some difficulty recently, as government programmes have been cut. However, both organisations have been able to add foundation, corporate, and service-generated revenues to the public funds. In this respect, they have achieved one of the goals of the sectoral approach, and that is to augment public funds with private funds through partnerships.

As mentioned at the outset, proponents of non-government workforce intermediaries contend that organisations such as JARC and WRTP are more successful at forming partnerships to meet the needs of businesses and at serving low-skilled workers than are workforce investment boards. In some respects, this may not be the right issue to pursue. As revealed in the case studies and in the surveys of other non-government workforce intermediaries, the lines between these intermediaries and workforce investment boards are blurred. A number of boards have initiated intermediaries; intermediaries depend on boards for access to funding; and both engage businesses in meaningful partnerships. Yet, traditionally they approach the task of training low-skilled workers from two different directions. The workforce investment boards by law are required to provide universal access to all jobseekers and employers, while the non-government workforce intermediaries can be more focused in terms of the businesses and sectors they serve and the workers they enrol. Both approaches are needed and their efforts are complementary. The issue is not whether one form should overtake the other, but how the two approaches can work better together.

Several recommendations flow from these case studies and the background information:

1. *Provide more funding, both from government sources and private sources, for intermediary functions.*

   The workforce development system cannot be passive in delivering services. The needs of businesses and workers must be carefully monitored and assessed, the services have to be tailored to meet their needs, and these services have to be brought to them through effective engagement of the key partners. Some of the services go beyond the typical training function but include providing worker advocacy and offering business workforce solutions. All of this requires additional funding to support the administrative structure to provide these intermediary services. Currently the workforce investment boards receiving federal and state funding have little money to perform these functions. Several federal and state programmes have initiated sectoral approaches, but these are limited in scope and scale at this time. Additional funds must be made available and other entities – foundations and corporations – must step up and provide additional resources.

2. *Non-government workforce intermediaries and workforce investment boards must work together to engage businesses and other partners more fully in workforce development efforts.*

   Both entities have the same overall goal of providing workers with good jobs and career advancement, and employers with a qualified workforce. While

they approach these goals from different directions, collaboration can bring about improved outcomes. Intermediaries may have the flexibility and the narrower focus to engage businesses from key sectors more effectively than the boards. The latter, on the other hand, have more sustainable funding sources for providing direct services, and the legislative mandate and broader perspective for a more comprehensive strategy for the local workforce area.

3. *The workforce development system must establish the means and incentives for the partners to evaluate the effectiveness of their services more effectively and comprehensively.*

   Rigorous evaluations that promote performance-oriented, evidence-based programme management are critical for the good management of programmes. Studies of sectoral employment initiatives have shown that the most successful initiatives commit to outcomes rather than programme inputs, benchmark their activities, and track outcomes throughout the duration of the programme (Giloth, 2004). This approach needs to be extended to all partners within the broader workforce development system. The system should also be tied together by an effective management information system that provides the "glue" necessary to keep the organisations together and focused on objectives and outcomes. Partners must also be held accountable for their outcomes through a meaningful incentive system that helps align activities with goals and outcomes.

4. *The workforce development system and the education system must collaborate to better provide tomorrow's workforce with proper education and training.*

   Much has been said about collaboration between workforce development and economic development efforts, and workforce intermediaries and workforce investment boards have made significant strides in establishing employer-driven partnerships. However, the education system – particularly secondary and community colleges – must be brought more in line with the needs of business and working students. Curricula must be tailored to the needs of business, courses must fit the lifestyle of non-traditional working students, and course offerings must be flexible to respond quickly to the changing needs of these constituents.

5. *More funding is needed to train low-skilled workers.*

   While collaboration through partnerships may leverage government resources and offer more effective service delivery systems, the presence of workforce intermediaries should not overshadow the reality that insufficient resources have been devoted to training low-skilled workers. Government programmes have been slow to address the needs of these workers to acquire occupational and workplace know-how skills in order to become qualified for many available jobs and to advance in their career. The

"work-first" approach presumes that workers will have the opportunity to acquire skills once they are in the workplace. However, surveys reveal that less educated and lower-wage workers are far less likely to receive training from their employers than their more educated, higher-paid colleagues. More resources must be directed to these workers, through targeted government programmes and through incentives to businesses to include low-wage workers in their training programmes.

The confluence of demographic and economic forces only heightens the need for the United States to develop a more skilled workforce. The ageing of the workforce and the accelerating movement toward an information and knowledge-based economy place great pressure on the educational system and the workforce development system to join forces and provide a solid educational foundation, initial training for entrants into the workforce and continued training for incumbent workers. As shortages of skilled workers continue, the low-skilled workers remain the primary domestic workforce pool to fill these gaps. The nation must devote its attention to ensuring that they receive the training they need.

Notes

1. This included participation in college and university degree or certificate programmes taken for work-related reasons, post-secondary vocational/technical diploma or degree programmes taken for work-related reasons, apprenticeships, work-related courses, and work-related informal learning.
2. There is a statutory difference, based upon the funding source, in the use of the term "incumbent" worker and "employed" worker. The incumbent worker is an employed individual who is served as part of the statewide 15% set-aside funds. The federal regulations specify that these individuals do not have to meet the eligibility requirements for employed adults and dislocated workers covered by the local formula funds. The employed worker is an employed person covered at the local level through the adult and dislocated worker programmes. These programmes have specific eligibility requirements.
3. Statistics taken from a prepared statement by Jackie Edens, Commissioner of the Mayor's Office of Workforce Development, and transmitted to members of the Chicago City Council, 27 October 2003.
4. Training activities under TIFWorks typically include workplace English as a second language, hazard communication awareness, ergonomics, back safety and forklift certification, office software training, and the like.
5. This is the stated goal of a major initiative of the Aspen Institute's Sectoral Employment Development Learning Project, which was funded by major foundations to provide businesses with a qualified workforce and to assist low-income people in finding and retaining jobs (Zandniapour and Conway, 2002). The Jane Addams Resource Corporation was included in this study.

6. The Aspen Institute, mentioned in the previous note, has conducted an evaluation of several sectoral initiatives, but to date they have not conducted a net impact analysis with appropriate comparison groups.
7. All neighbourhood demographic information is obtained from the 2000 Census. The neighbourhoods served by JARC are defined as including 2000 Census tracts 410, 405, 318, 319, 501, 602. While JARC also serves other areas, these census tracts include the area in the immediate vicinity of JARC and the area that JARC initially targeted with their various programmes.
8. One instructor commented that some companies would rather donate equipment to JARC so that class instruction can be held outside the workplace without taking time away from production time.
9. The cost sharing and the paying of worker salaries while in training reflects the funding sources. In this case it follows the requirements of the Prairie State 2000 Authority, which was a major funding source for the Metalworking Skills Training Program.
10. JARC conducted an ambitious capital campaign to raise money for the construction of a larger and more modern Training Center for the Metalworking Trades. In 2003 they successfully raised 90% of their goal, much of which came from business partners, and the Center was in full operation in October.
11. These comparisons were based on the two occupational categories of cutting, punching, and press machine setters, operators and tenders and the drilling and boring machine tool setters, operators, and tenders as reported in the 2000 Metropolitan area Occupational Employment and Wage estimates, prepared by the US Department of Labor.
12. It is worth noting that the other incumbent worker programme included in the study also decreased, although not as much JARC's. Participants in training programmes for the unemployed and underemployed saw an increase in hours worked along with an increase in overall earnings during the year after exiting the programme.
13. The related industries included plastics, containers and protective coatings.

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Skills Upgrading
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Chapter 6

Skills Upgrading for Low-qualified Workers in Flanders

by
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This chapter examines a series of skills upgrading initiatives in Flanders, the northern region of Belgium. It begins with an analysis of the Flemish labour market, the policy options and the main existing measures in the field of skills upgrading for incumbent workers. Three local case studies illustrate the types of initiatives currently used by non-profit and private sector organisations. These studies show that in spite of several HRM innovations such as job rotation, Flanders remains highly focused on in-work support and sustainable labour market integration for jobseekers and former welfare recipients. In view of the unequal participation in lifelong learning that characterises the Flemish labour market, the authors call for a stronger regional or national strategic focus on the low-skilled incumbent workers.

Introduction

This chapter focuses on skills upgrading initiatives in Flanders, the northern region of Belgium. As a region and community within the Belgian federal state, Flanders has limited authority over labour market policy. It is at the federal level that wage formation and labour protection are regulated, including some of the funding mechanisms for training and social security arrangements such as educational leave schemes. The Flemish authorities and social partners decide on active labour market policies (training provision, subsidy schemes for the promotion of HRM tools, work experience schemes, etc.). This two-tier structure of competencies has several implications for policies towards low-skilled incumbent workers. First, it is necessary to bear in mind that the room for manœuvre of Flemish policy makers is limited. Secondly, Flemish measures need to be examined in connection with institutional and policy arrangements at the federal level. Thirdly, Flemish policy clearly has its own tradition and priorities: a strong emphasis has always been placed on redistribution of opportunities towards the most disadvantaged groups, such as the labour market integration of the long-term unemployed, those with little or no reading ability, the disabled, etc.

The first three sections of this chapter sketch in the background of the Flemish labour market, the policy options and the main existing measures, including a description of objectives, regulations, target groups, financing and, where possible, the available evaluation material. Following a discussion of the "upskilling potential" of the Flemish measures the chapter takes a closer look at three cases featuring different types of approaches as well as different actors, target groups, workplace settings and geographical locations (see map in Annex 5.A1):

- The Learn & Work Centre "Care & Cleaning" training course and the "Logistic Assistant" training courses for hospitals; both of these are under the umbrella of the NGO Vitamin-W from Antwerp.
- The Jobcoach Network in Ghent.
- The "upskilling of team leaders" at Harol, a manufacturer of roller blinds and sun blinds in Diest.

While only the last case is truly representative of skills upgrading for incumbent workers in the strict sense, the two other studies – which involve the jobless and freshly recruited – serve to illustrate the full spectrum of

policies that seek to improve the position of the low-skilled on the Flemish labour market. In fact, these case studies show that Flanders, like many OECD countries, remains highly focused on in-work support and sustainable labour market integration for former welfare recipients. This is exemplified by the Learn & Work Centre "Care & Cleaning" of Vitamin-W, which operates during the transition from unemployment to work, bringing with it a strong training component. In line with the current employability paradigm, it encourages workers to gain the competences required in the type of employment they are seeking and therefore only operates at the point of labour market entry. The *Jobcoach Network* steps in after people enter employment. It supports people who have already made the transition from unemployment to paid work, in order to give them the tools to keep their new post. It will become clear that the activities developed at the company *Harol* are aimed at employees who have been in the same job for a longer period. They are intended to help this group acquire the necessary knowledge to transfer to a different function, or at least to keep pace with the technological and organisational developments in the company. The rationale is to increase their employability and reduce their risk of unemployment.[1]

The position of low-qualified workers in the labour market and lifelong learning in Flanders

This section aims to provide a general overview of the labour market situation of the low-qualified in Belgium and Flanders. The aim is to outline the context in which programmes for low-qualified workers operate.

First, the activity and unemployment rates for low-qualified workers in Belgium are described, *i.e.* the supply side of the labour market. Next the discussion approaches the labour market from a different angle: the skill-level and complexity of the jobs themselves, irrespective of the skill and educational level of the people active in the job – the demand side of the labour market. Thirdly, the chapter looks at participation in lifelong learning (LLL), with a particular focus on differential participation by level of qualification.

The supply side of the labour market

The activity rate of the Belgian population is considerably lower than the EU average. Policy makers have therefore agreed to concentrate their efforts on increasing this rate. The focus of the chapter is on low-qualified people who are active in the labour market. In defining this target group the educational level is taken as a reference, since this is the only criterion for which administrative and survey data are available. Table 6.1 below contains *activity rates* (*i.e.* employed and unemployed workers) for the "low-educated" in

Table 6.1. **Activity rates for the "low-educated" in Belgium, Flanders and the EU-15**

	1999	2000	2001	2002
Flemish region	49.2	49.0	47.6	48.6
Belgium	48.6	48.4	46.8	47.2
EU-15	57.3	57.2	55.0	55.4

Source: Eurostat, NIS Labour Force Survey (calculations by Steunpunt WAV).

Flanders, Belgium and the EU-15 countries. The figures show a roughly similar evolution, though with a persistent lag in both Flanders and Belgium.

The fact that Belgium has one of the lowest activity rates among EU countries is to a certain extent due to the low activity rates of the groups with the lowest educational level. The rates of middle- and higher-educated Belgians are very close to the average for the EU-15 countries. Table 6.2 offers a comparison of the activity rates for workers with low, middle and higher educational levels. It clearly illustrates an "educational gap" between the activity rates of, on the one hand, lower-educated and, on the other hand, middle- and higher-educated people. In 2002, the "educational gap" in Flanders was estimated at 1.79. This means that the proportion of people participating in the labour market is 79% higher for higher-educated people than for the low-educated. Compared to the EU as a whole, the activity rates of highly educated adults in Flanders score favourably, whereas those of low-educated individuals are lagging behind.

Table 6.2. **Activity rates by educational level, 2002**

	Educational level		
	Low	Middle	High
Flemish region	48.6	72.4	87.8
Belgium	47.2	70.1	86.0
EU-15	55.4	76.1	86.8

Source: Eurostat, NIS Labour Force Survey (calculations by Steunpunt WAV).

The rise of the educational level of the Belgian population thus inevitably results in a higher activity rate. Nevertheless, due to personal and social circumstances, a large number of individuals cannot be expected to reach a higher educational level as a means to increase their activity rate. Thus, if Belgian policy makers are to increase the overall proportion of working people, their efforts will need to focus primarily on the low-educated and low-qualified among the Belgian population.

A further indication of the current labour market situation of the low-qualified in Belgium is given by the unemployment rates of these groups. Table 6.3 shows that for the period 1999 to 2002, unemployment is substantially lower in Flanders than the EU average. However, the data may reflect some trade-off between unemployment and inactivity. Moreover, as in other EU countries, unemployment rates of low-educated people in Flanders and the rest of Belgium have fallen between between 1999 and 2001. Due to the economic recession in 2002, unemployment rose in that year. Unemployment rates were relatively stable for all educational levels in the EU-15 countries; in Belgium and in Flanders they increased for all educational levels.

Table 6.3. **Unemployment rates of low-educated people, 1999-2002**

	1999	2000	2001	2002
Flanders	8.6	6.8	5.8	7.2
Belgium	13.7	11.2	10.0	11.7
EU-15	13.3	12.0	10.4	10.8

Source: Eurostat, NIS Labour Force Survey (calculations by Steunpunt WAV).

The demand side of the labour market

Of course, illustrating the growing proportion of high- and middle-educated people in Flanders and the considerably higher activity rates of these groups is not in itself sufficient. Thus, the discussion now focuses on the demand side of the labour market, *i.e.* on the availability of high- and lower-skilled jobs. PASO Flanders (Panel Survey of Organisations) provides an insight into the proportion of "low-qualified", "experienced", "trained", "qualified" and "complex" work in Flanders (see Table 6.4 for a description of these categories).

Table 6.4. **Level of qualification of jobs**

Type of work	Training period	Education/experience	Independent decision making	Supervision
"Low-qualified"	Short	None	None	Direct
"Experienced"	Relatively short	Minimal	Limited	Direct
"Trained"	Relatively long	Special	Possible	On results
"Complex"	Long	Specific	Necessary	On results

Source: PASO Flanders.

Table 6.5 shows the proportion of workers employed in each of these categories. The findings are somewhat surprising. On the one hand, "knowledge work" seems to be the prevailing standard for the active population. On the

Table 6.5. **Proportion of employees in each level of qualification, by company size**

Type of work	Proportion of employees (%)	
	Organisations with < 10 employees	Organisations with > 10 employees
"Low-qualified"	17.5	19.0
"Experienced"	34.3	25.5
"Trained"	30.6	33.0
"Complex"	17.6	22.5

Source: PASO Flanders.

other hand, half of the employed Flemish people hold a job that is neither "trained", nor "complex". Almost one-fifth of the workforce holds a "low-qualified" job. Workers in occupations at that entry level only need a short training period, have little or no education and experience, do not take decisions independently and are under direct supervision.

The activity rates of middle- and highly educated people are significantly higher than those of low-educated people. The proportion of middle- and highly educated people appears to have grown steadily over the past decade. This resulted in a higher activity rate in Flanders.

Additionally, information about the qualification level of jobs in Flanders shows that a large number (approximately 50%) of jobs in the region do not require significant experience, training or education. Some of the people employed in these jobs might thus be "over-qualified" for their occupation.

Participation in continued education and training

A further striking aspect concerns the underinvestment in adult education and unequal participation in continued education and training. In 2001 the Vlaamse Gemeenschap (see APS, 2001, Chapter 25; Vanweddingen, 2002) carried out a survey on participation in lifelong learning during the previous twelve months among 1 500 adults aged between 18 and 85. This survey showed that 26.6% of the respondents had participated in training; however, the corresponding figure for university graduates was 60% against 4% for those with no more than primary education. Women, the elderly and economically inactive people appeared to participate less.

The European Labour Force Survey (LFS) reveals the same pattern, albeit drawing on a different definition (participation during the past four weeks) and sample (age group 25-64). As regards the gender division, however, the LFS suggests that women participate more, not less, than men. Table 6.6 shows that unemployed workers tend to participate more than those in employment, while the economically inactive are strongly underrepresented. Moreover, non-nationals participate more than Belgians (possibly due to participation in

Table 6.6. **Participation of adults in education and training during the past four weeks, by gender, age, initial level of education, employment situation and nationality – Belgium and regions, 2001**

	Belgium	Brussels region	Flemish region	Walloon region
Average (age group 25-64)	6.0	6.9	6.7	4.2
Gender				
Men	5.9	6.2	6.6	4.6
Women	6.0	7.6	6.9	3.9
Age				
25-39	8.4	10.0	9.3	6.3
40-49	6.0	5.9	7.0	4.3
50-64	2.8	2.8	3.5	1.6
Level of education				
Low (< = lower secondary)	2.2	2.9	2.4	1.8
Medium (upper secondary)	5.8	7.5	6.3	4.5
High (higher education)	11.3	10.5	13.2	8.0
ILO employment status				
In work	6.8	7.0	7.8	4.7
Unemployed	7.2	6.7	8.7	6.2
Inactive	3.7	6.7	3.7	2.9
Nationality				
Belgian	6.3	5.6	7.3	4.6
Other EU	6.0	8.5	7.8	3.7
Non-EU	9.9	7.9	12.3	(.)

(.) Less than 6 000 individuals in absolute figures.
Source: NIS Labour Force Survey (table produced by Steunpunt WAV, 2002).

language courses). Hence, inequalities in lifelong learning are of major concern when it comes to low-skilled and older workers.

The imbalance between supply and demand of highly educated and low-educated workers is not very large: a substantial number of entry-level jobs are available whereas the number of low-educated jobseekers is rather limited, due to their low labour market participation rates. However, this does not exclude the existence of matching problems within educational levels. Moreover, if the low activity rate displayed by low-educated workers is to be considered as a form of hidden unemployment (*e.g.* through early retirement or through "discouraged worker effects", mainly among women), the issues facing the low-skilled may be much more severe than the figures suggest.

Thus the picture on the Flemish labour market is that of a strong cumulative disadvantage for low-educated adults, who are considerably underrepresented in adult education. To a lesser extent, the same holds for older workers and economically inactive adults.

Institutional and policy perspectives on lifelong learning

All stakeholders in Flemish policy are aware of the challenge of the knowledge-based society. In the Pact of Vilvoorde, concluded in 2001 between the government, the social partners and representatives of civil society, all parties agreed on a set of "21 objectives for the 21st century". This pact makes achievement of a learning society a major objective for Flanders: by 2010, 10% of the population aged 25-64 is expected to participate in adult education. Secondly, it is stipulated that the overall functional literacy rate (including ICT literacy) must rise to 75% of the population; inequalities must be reduced in all aspects of LLL and access to further education must be guaranteed to all.

Without elaborating on the overall policy framework relating to LLL, the following section examines several work-related strategies deployed by the Flemish government and social partners for low-skilled workers.

The Flemish government's Job Rotation Plan (Wisselbanenplan)

The Flemish labour market has for some time been dominated by major labour shortages: while many jobseekers cannot find work, many employers cannot find workers. As in other OECD countries, it is mostly the unskilled that have difficulty finding work, and there are too few skilled workers to employ, though the latter in turn often occupy jobs below their level of qualification. In addition, there are significant spatial disparities with labour shortages in southwest Flanders and surpluses in the north.

In the summer of the year 2000, the Flemish government approved the so-called Job Rotation Plan to address this problem. The policy paper of the minister of employment setting out the priorities for 2001-2002 explains that:

> "The Job Rotation Plan aims to support companies that offer employees promotion via 'mobility training' and fill resulting vacancies with jobseekers. A job rotation is an operation involving an exchange of employees via single- or dual-track training:
>
> - the incumbent employee is trained up to the level of the job appropriate to his/her abilities;
> - the inserted job seeker is trained in the workplace for the new job that has become vacant (Landuyt, 2001)."

In fact, the Job Rotation Plan is not an isolated scheme with its own field of application, criteria of recognition and funding conditions. It is based on a "multiple choice" menu that draws together existing measures, from which an employer – within the limits of what is cumulatively possible[2] and in accordance with the conditions of each measure – chooses their own elements. Sector consultants have the task of promoting the scheme and advising employers on the available instruments.

Indeed, through this plan a range of measures that had hitherto existed alongside each other[3] were linked for the first time and implemented or applied with slight modifications. To this end the funding rules of certain measures were revised. Some of these measures can be used for incumbent employees while others are applicable to newly inserted employees.

The instruments for the incumbent employee who moves on and so makes way for the inserted employee are mainly training instruments. These include the Flemish leverage grants – possibly combined with the national time credit (*tijdskrediet*); training vouchers for which the company applies on behalf of its employees; leverage grants for training and career guidance providers; and training and guidance vouchers (*opleidings- en begeleidingscheques*) for individual employees.

Work experience and training instruments are used for the inserted jobseeker. These include individual company training (IBO), insertion training, insertion departments, insertion interim, and workplace learning centres. Of course, the Job Rotation Plan is not really concerned with labour market (re-)integration of unemployed workers. Various actions plans have been put in place to foster employment sustainability.

The Flemish action plan for lifelong learning

The Flemish action plan for lifelong learning, adopted on 7 July 2000, consists of five broad items. Firstly, the government commits itself to guaranteeing sufficient starting qualifications through initial education so that school leavers are in an adequate competitive position when they enter the labour market for the first time. Secondly, the action plan aims at making information about permanent training and education more accessible, mainly through the creation of an interdepartmental body to co-ordinate all provision and dissemination of complete details about all courses on offer. Thirdly, permanent training and education should itself be made more accessible. Measures such as leverage credits (*hefboomkredieten*), training vouchers (*opleidingscheques*) and the training credit (*opleidingskrediet*) are meant to encourage participation in LLL. Fourthly, measures aimed at providing ICT skills for everyone are to be developed. Finally, the action plan also contains provisions for the accreditation of prior experiential learning (APEL).

In this context, two noteworthy achievements are particularly relevant to low-qualified workers: the Strategic Literacy Plan and the Certificate of Occupational Competences based on experiential learning.

The Strategic Literacy Plan

The Flemish government has recently elaborated a Green Paper on objectives (*Doelstellingennota*) for a Strategic Literacy Plan (*Strategisch Plan*

Geletterdheid).[4] The paper acknowledges the rather polarised distribution of skills across the population, and the substantial share of adults with low literacy (approximately 15-18%). It notes that low literacy appears to affect not only one's work opportunities and income, but also one's behaviour as a citizen, as individuals with poor literacy tend to express less interest in participating in the public sphere. Yet basic education for adults currently reaches out to barely 0.65% of the adult population, mainly through language courses for (newly arrived) immigrants. The paper lists ten strategic objectives, one of which is a quantitative target: 72% of the population should reach "level 2" on the literacy scale by 2010.[5]

According to the Plan, the Flemish public employment service (VDAB) is expected to introduce a literacy screening test for all jobseekers embarking on a labour market integration pathway. Employers, trade unions and sectoral funds will be mobilised to invest in work-related literacy courses as well as incentives for workers to participate. "Dual tracks" combining literacy and job-related training will be developed. Special efforts will also be devoted to the accessibility of ICT courses and the use of ICT in literacy courses.

Certificate of occupational competences

In April 2004, the Flemish parliament adopted a decree that outlines the accreditation of prior experiential learning (APEL). According to the decree, competences gained through formal or informal vocational training, but also through experience from previous employment or social activities, can be officially accredited. This should allow people to obtain a certificate of competence for a given occupation without actually holding the equivalent diploma. The advantages are numerous: social promotion according to seniority can be introduced, the skills of unqualified school leavers can be reassessed, jobseekers can upgrade their curriculum vitae, and labour market entrants can state their competences more clearly.

The procedure through which one can obtain official accreditation is open to the entire population. The Flemish government has appointed the Flemish Social and Economic Council (SERV) to draw up occupational profiles consisting of a detailed job description, which may then be used in deciding whether to recognise prior learning for given occupations. In the first instance, individuals looking for accreditation will first have to provide a list of all their acquired competences. A commission will then evaluate these competences through examinations and grant (or refuse) the recognition. In the latter case, the commission will inform each applicant which competence(s) he or she lacks. The applicant is then offered the opportunity to reapply after acquiring those missing competences.

The Flemish social dialogue on training: integrating skills and diversity issues

For a number of years, action plans have been agreed between the social partners and the government in the Flemish Economic and Social Consultative Committee (VESOC). Using subsidised collaborative agreements between government and companies, the Committee regularly establishes the causes of the underrepresentation of certain disadvantaged groups in the Flemish labour market. The earliest plans relate to the inequality of opportunity experienced by immigrants (1999-2000) and women (2000). Thus, diagnosis and remedy were supported by the Flemish government to address the issue of diversity within companies.

Through subsidies for preparation and implementation costs,[6] which go hand in hand with a plan for diversity and proportional work participation, the Flemish government co-finances each approved dossier for up to two-thirds of the expenses incurred in relation to the action plan, up to a maximum of EUR 10 000. Companies, (public) institutions and (now) local authorities are eligible; each applicant can be funded only once. The intention is to develop an integrated diversity policy that will bring the employment rate of various disadvantaged groups – women, ethnic minorities, "older" employees, disabled persons, those with reduced or limited ability to work, the unskilled – to the same level as the average for the whole Flemish population.

One of the means of achieving the diversity agenda, according to the VESOC agreement for 2001-02, consists in encouraging greater mobility among companies.

The successive "VESOC action plans on diversity and proportional participation in work" were continued in 2003 and 2004. The plans aim at the removal of all obstacles to vertical and horizontal mobility of disadvantaged groups[7] in the labour market. Projects run between six and twenty-four months and may comprise such measures as:

- Training programmes focused on the horizontal or vertical mobility of members of disadvantaged groups within the organisation.
- Coaching and internal guidance for new staff from the disadvantaged groups.
- Training sessions or programmes on intercultural communication, managing differences.
- Supervised placements and work experience placement for members of disadvantaged groups.

Vertical mobility relates to issues of access and promotion within the employing organisation. Horizontal mobility refers to the opportunity to work on the basis of one's qualifications in any department of the employing

organisation, without being confronted with any form of direct or indirect discrimination, regardless of ethnic origin, gender, religious belief, handicap, age or sexual orientation.

The diversity plan must formulate concrete targets for intake, mobility and training to prevent early exits and labour market churning. In organisations with more than 50 employees, the diversity plan must be supervised by an internal working party (board or management, line managers, trade unions). The participating employing organisations must commit to continuing the diversification policy even after the period of subsidy. Over 800 diversity plans had been submitted by mid-2004. For the year 2004, the Flemish government provided a budget of EUR 2 250 000, for a total of 225 plans.

Table 6.7. **Social dialogue on training in Belgium**

Scale of governance	Field of competence	Type of action and instruments
Federal level	Wage formation	– Funding (1.9% of the wage bill): sectoral funds – Earmarking (0.1% for at-risk groups among incumbents workers and jobseekers)
Regional level	Education and training	– Sectoral covenants (including diversity policy and LLL) – Sectoral consultants (subsisided by the regional government)
Local level	Sub-regional employment committees	– Local agreements on joint projects – Support for the design and implementation of measures

Specific instruments for the upskilling of low-qualified incumbent workers

Leverage grants

Leverage grants (*Hefboomkredieten*) are training and counselling subsidies specifically targeted at workers in enterprises. The intention is to encourage the adoption of professional HRM practices by companies so that they can achieve satisfactory competence management of their staff. Subsidies are awarded on a project basis, which implies a degree of diversity in the target groups and methodologies. Nevertheless, priority is given to employees from disadvantaged groups. Five types of actions can be subsidised to varying degrees, depending on the nature of the action. These are:

- Training related to innovations in the company.
- Career advice for individual employees (at their own request only).
- Support for training measures (competence development plans, design of instruments for the assessment of prior learning, new training systems, elimination of obstacles to participation in training).

- Internal work reorganisation (*e.g.* recruitment of jobseekers while incumbent employees are participating in training).
- "Conventional" training aimed at keeping up with developments in the business environment or in society as a whole.

Legal entities that meet the objectives described above are entitled to apply for the leverage grants. Organisations or enterprises funded through government grants or linked with the government through a management contract are excluded. The project must focus on the needs of employees employed in the private sector or in social profit companies receiving support from the "social Maribel plan".[8]

The Flemish subsidies are co-financed by the European Social Fund (objective 3, priority 4). This priority aims, in the period 2000-06, to stimulate the adaptability of companies, their employees and jobseekers through, *inter alia,* training, human resources management, the development of new forms of labour organisation.

Projects are selected via an open call for proposals. Only a single dossier needs to be submitted, with which one can apply simultaneously for subsidy from the European Social Fund (ESF) and for the leverage loans (this is known as the "one-stop shop system"). The overall subsidy (Flemish government + ESF) varies between 27.5% and 75% and is limited to two years. In 2003, subsidies usually averaged a maximum of EUR 250 000, even if the applicant submitted multiple applications in the course of a single application round within this window.

So-called "bonus points" are awarded in the selection process to projects:

- Relating to developing methodologies that have 30% earmarked for disadvantaged groups. These are unskilled employees (with less than an upper secondary education certificate), people over 45 (except managers), disabled workers and non-EU ethnic minorities.
- That are focused on expanding a strategic training policy.
- That make use of ICT.
- That are focused on promoting social dialogue relating to permanent education in the vocational field.
- That are focused on companies with less than 50 employees.
- That link training policy to career policy.
- That originate from an applicant bound by the right to training or career guidance of employees as enshrined in a sector or company collective wage agreement.

There has been practically no evaluation of the effectiveness of company training for incumbent workers in Flanders. Matheus & Bollens (2001) estimated

the deadweight effect of ESF training subsidies to companies at about 50%.[9] Their suggestion, to concentrate government aid on "supporting measures", has been partly implemented, as highlighted above.

Their main conclusion, however, was that general measures to encourage company training do not offset (and indeed may reinforce) the "Matthew effect" in the distribution of training, since highly skilled workers tend to benefit more from the public subsidies than the low-qualified. Therefore, they suggested that government support be made more conditional on the level of qualification of participating workers.

This second recommendation has as yet not been implemented, apart from the fact that some degree of priority has been given to at-risk groups in recent regulations relating to leverage grants, as mentioned above. The most radical option would be to set quotas or to design measures targeted exclusively at the low-qualified. A softer approach consists in more intensive counselling measures, as the lack of awareness and information about useful training provision is probably greatest among low-qualified workers.

Training and guidance vouchers for employees (opleidings- en begeleidingscheques)

In the past it appeared that employers mainly financed training (whether or not subsidised) for the more advantaged groups among their employees. In addition, understandably, they invariably preferred company- or job-specific training at the expense of more general training. To a large extent, these findings also applied to a recent training voucher scheme developed for employers to promote training investments (Op den Kamp *et al.,* 2004). This is why the latest experiments have been conducted with training vouchers specifically for *employees* as opposed to *employers*.[10]

Employees can apply to the VDAB on their own initiative for training and career guidance[11] vouchers. The government provides half the cost in the form of a voucher; the remaining amount must be paid by the employee. According to the Flemish authorities,

> Through these cheques the Flemish Government is trying to give employees the opportunity to improve their personal development and to choose a training course suited to their interests. Henceforth, independently of his employer, an employee can go in search of a training course that suits him best (Press release from Flemish government, 13 June 2003).

The employees targeted by this initiative are those who, at the moment of application for the cheques, are employed with an employment contract, or at least work under the authority of another person, irrespective of the type of contract. By the same token, the duration of the contract and the employment regime do not affect eligibility. The employee can apply to the VDAB for the

vouchers, via either the VDAB's website or its hotline service, or by visiting a local job centre.

A stipulation is made that the training course applied for must be partially or wholly unrelated to the present post of the employee, so that new skills are acquired. The underlying thinking is that these newly gained skills can be transferred to other companies or areas of work; thus the employee's general employability in the labour market is directly or indirectly improved.

After the training and/or guidance period, the (officially) approved provider supplies the employee with a certificate showing that he or she has completed the course concerned. Providers offering these services in the market may themselves receive subsidies via the leverage grants for career advice.

In addition, the training/guidance must take place outside normal working hours or during periods of legal suspension of the contract of employment (*e.g.* paid educational leave, social advancement or time credit in order to follow a course).

An employee may purchase a maximum amount of EUR 250 per year. The cheques have a value of EUR 5, 10 or 25. The Flemish community provides a contribution of 50% to the total amount of the vouchers; the rest is paid by the employee when purchasing them. However, the minister of employment may – after advice from the Social and Economic Council for Flanders (SERV) – allow reductions of or exemptions from the employee's half for well-defined target groups or training or guidance courses.[12] Early outcomes point to an unexpected success: in the first four months, almost 100 000 vouchers have been ordered – of which 15% were denied because the orders did not meet the legal regulations. However, no more than 13% of the vouchers have been used by individuals with less than an upper secondary education degree.

Sectoral covenants

As argued above, Belgium has a tradition of bi-annual collective agreements between the two sides of industry, at the interprofessional, sectoral and enterprise level. Moreover, separate negotiations are held in parallel between the Flemish social partners on issues that have been devolved to the regions. Sectoral agreements, at both the federal and Flemish levels, are most relevant in the field of education and training.

Sectoral agreements at the federal level are linked to the operation of sectoral funds, which are mainly devoted to training, and to the commitment to raise expenditure on LLL from 1.2% to 1.9% of the wage bill between 1998 and 2004. For the period 2004-10, the ambition has been set even higher: by 2010, one in every two workers should be participating in training. Most branches do have experience with training provision for at-risk groups

(youngsters in part-time or full-time vocational education, training for the unemployed, and low-skilled adult workers. They have set up their own yearly monitoring system (which appears to suffer from a lack of transparency).

Negotiations at the Flemish level include the Flemish government (Department of Employment as well as Education) and the public employment service (VDAB). Given the tight labour market in 2001, for example, agreements dealt mainly with education, lifelong learning and diversity, including the upskilling and integration of vulnerable groups. In 2003, the issue of geographic mobility of workers was added to the agenda. For each of these issues, commitments of the social partners can be matched with commitments of the government.

Sectoral covenants provide a framework that commits all employers of a branch on some points (*e.g.* compliance with the code of conduct); however, the general targets do not have to be met within each enterprise separately. Employers are expected to apply for support and to implement plans on the enterprise level on a voluntary basis.

Commercial employers are not the only ones involved in these sector covenants. Private non-profit employers as well as local governments are equally targeted. The covenants cover jobseekers as well as incumbent workers. Priority groups for the diversity plans include migrant workers and disabled persons. As for education and LLL, any disadvantaged group can be targeted.

The government finances the recruitment of sectoral consultants, who assist the social partners in implementing their sectoral plans and the preparation of dossiers for the engagement of the sectoral funds, provided that the sectoral plans are in conformity with a common grid and include concrete, quantitative targets. Firms within the sector must adhere to a code of conduct regarding non-discrimination.

By mid-2004, 23 branches had concluded sector covenants, and negotiations were ongoing in three other branches. Some potentially important sectors are as yet "missing": the cleaning industry, the financial sector, the inland ports and the security services. Moreover, 79 sectoral consultants have been hired; these individuals liaise among themselves in three networks – education, LLL, and diversity.

Examples of targets include, *inter alia,* the number of enterprise diversity plans to be concluded within the next year; the share of migrant workers in training courses set up by the sector; and a yearly "diversity prize" for companies. Quotas relating to the employment of disadvantaged groups have not as yet been set.

It is too early for an assessment of outcomes. However, the negotiation of HRM strategies has obviously added a new dimension to the social dialogue.

The road has not been entirely smooth: insiders complain about the poor commitment of Flemish ministers other than those of employment and education. Also, covenants involving financing from sectoral funds have raised suspicion on the part of the European Commission (DG Competition), which regards this funding as a subsidy.

Intensive training measures for low-skilled unemployed workers: the example of Vitamin-W

This section focuses on two initiatives carried out by the Antwerp-based NGO Vitamin-W: the Learn & Work Centre "Care & Cleaning" course and the "Logistic Assistant" training courses for hospitals and homes for the elderly.

Vitamin-W is a private non-profit in charge of implementing various projects that offer sustainable employment to low-skilled welfare recipients. These two projects are noteworthy, as they seek to move away from the traditional distinction between a preliminary "training stage" and a labour market (re-)integration phase. In the Learn & Work Centre, jobseekers undergo a training course that largely takes place on the shop floor of a social enterprise. Moreover, they are remunerated for their participation in the course. In that way, the threshold between a period of investment in job training on the one hand and picking the rewards at a later stage on the other is considerably lowered, which may benefit the transition into the labour market. A similar combination of learning and "learning through work" is contained in the methodology and content of the Logistic Assistant training courses.

Vitamin-W: pioneer in social entrepreneurship

In the late 1980s, several small training and employment initiatives from the social profit sector in Antwerp were brought together to form Vitamin-W. The NGO acquired a considerable number of employees with a subsidised status and grew into a fairly large company with a staff of approximately 100 and some 90 "client-workers" on the payroll.

Vitamin-W is involved in a variety of partnership projects, some of which have turned into independent organisations. Many of these projects deal with the sustainable employment of low-qualified jobseekers through *e.g.* advisory services with regard to HRM practices for companies employing people from the target group or tailor-made training courses for individual companies, etc. The people interviewed emphasise the importance of scale economies and the co-operation with other actors involved. This is not only important for the joint development of a methodology and vision, but also for the overall practical organisation and general financing. Vitamin-W depends on various sources to finance its operation. A first structural form of financing is the large number of GESCO statutes (GESCO = a job scheme for the social profit sector)

available to recruit people. A second financial source is formed by structural funds, of which the ESF is the most important. Co-financing alongside these ESF resources comes from VDAB, the City of Antwerp and the Province of Antwerp.

As with many other non-profit organisations, the project-based financing of the activities conducted by Vitamin-W has a few major drawbacks. New, innovative projects are set up with project subsidies and methodologies are developed, implemented and evaluated – until the project subsidy is discontinued. In a number of cases, the acquired expertise and know-how are lost and can therefore not be adequately extended. One possible way of counteracting these problems in the future is to think about developing joint ventures with businesses.

The target group of Vitamin-W is broadly conceived; it includes the low-qualified and the long-term unemployed. For the "Logistic Assistant" training course that was examined as part of this research, the channelling mainly takes place through the VDAB. Jointly with the VDAB, the promoters of the training course organise an open day on "social profit". Together with the word-of-mouth publicity, the open information event always generates great interest in the training course. Since the number of people interested in taking part in the projects tends to exceed the number of available places – and in order to safeguard the quality of the courses – the participants are carefully selected. The most important selection criterion is their motivation. For the Logistic Assistant training course, the VDAB carries out a pre-screening on the basis of the minimum qualification required, which is lower secondary education.

Obstacles to sustainable employment and career progression

People from the target group of Vitamin-W often struggle with recognisable problems that may constitute an obstacle for their recruitment and progression in the labour market. Apart from negative work attitudes they often have poor communication skills, including a poor knowledge of Dutch, insufficient job application skills and problems with basic skills (reading, writing, speaking). Even for low-qualified functions, the requirements are continually raised with respect to communication (in line with the requirement to deliver good service). This is particularly significant for the logistic assistants. On the *employer's side*, a number of factors may lead to low-qualified jobseekers seeing their possibilities of recruitment diminish. These include discrimination towards the target group, excessive expectations, and an unwillingness to invest in low-qualified (and hence replaceable) employees. Moreover, the general economic cycle also acts against the low-qualified: when there is an ample supply of workers in the labour market, these workers tend to have the fewest chances.

In the Learn & Work Centre as well as in the Logistic Assistant training course, the personal "obstacles" are tackled first. Apart from so-called soft skills, both initiatives also explicitly provide technical and job-specific competences.

Furthermore, Vitamin-W also establishes contacts with employers or creates tailor-made specific (social) workplaces. The scheme tries both to tackle the obstacles that exist on the employer's side and to create an alternative work environment.

Principles and methodology of upskilling in the two projects run by Vitamin-W

Competence-based thinking is pivotal to the operation of Vitamin-W and hence also to the Learn & Work Centre (LWC) and the Logistic Assistant training course. People who take the course are systematically screened so that their basic, key and technical competences can be established. At the other end of the route followed by the participants are the "outflow profiles". These (competence) profiles were drawn up by Vitamin-W for each of the training courses on offer, and are the training's ultimate objective. The outflow profile defines the competences required in order to flow into the regular labour market after participating in an LWC or other course. Another crucial element is the combination of work and training. In the LWC, trainees receive a normal work contract for one year in the context of the Work Experience Plus (WEP+) programme, a welfare-to-work programme financed by the federal and regional governments.

After the initial competence screening, an individual learning route can be drawn up. This learning route consists (in the LWC Care & Cleaning) of practical work experience as well as various educational elements. The course lasts for twelve months and has several distinct stages: during the first three months, the participants get to know the job(s) they are being trained for and they learn the preconditions: mobility, contractual obligations, social skills, etc. Gradually (and depending on the course member), specific skills such as Dutch as a second language, ICT and driving skills are taught between the fourth and the ninth month. The formal training is alternated with placements in small groups under the supervision of a team leader, for the maintenance of rooms, companies, etc. The placements are usually half-time.

During the seventh to ninth month individual placements are organised, during which every participant learns to work without supervision. In the last three months, participants are also given intensive interview training. Following the training, some coaching (on-the-job) is organised for a proportion of the target group, until one year after recruitment.

The Logistic Assistant training course also combines work experience (including two placements) with various specific modules. Topics relating to homes and hospitals such as "lifting techniques" and "hygiene" are always covered, alongside the subjects that are also addressed in the LWC. Work attitudes implicitly feature throughout the courses. The instructors try to teach these attitudes through the work experience and the accompanying guidance.

The Learn & Work Centre and the Logistic Assistant training courses use a wide-ranging methodology. The teaching resources and textbooks are developed by the instructors and by those developing the methodology. Sometimes lessons are held in classes, but the instructors mostly try to work actively and interactively. Since many participants have little experience with traditional methods of learning in class, the instructors are required to be creative.

Outcomes and main lessons from this case study

The effectiveness of both initiatives is influenced by the general economic situation, policy measures and the time span covered by the assessment. The LWC usually manages a flow-through of 50% to sustainable work.

It is estimated that approximately 95% of all Logistic Assistant participants find work after the course. Halfway through the course, an interim evaluation takes place because it is still possible at that stage to make adjustments. The adjustments also positively influence the flow-through figures to paid work.

The main lessons to be drawn from this case study can be summarised as follows: even temporary employment can lead to sustainable labour market integration and employment progression, provided that training and work placements are designed in a mutually reinforcing way. The work contract strengthens the motivation to learn and the opportunities for work-based learning, while the work placements also provide the necessary experience demanded by many employers. At the same time, the training is carefully designed to be a tailor-made pathway between the individuals' actual competences and the required starting competences in their future jobs.

As to the question of whether pathways as long as twelve months are affordable for maintenance jobs, the answer is unambiguously positive. Such pathways turn out to be very profitable investments for the government budget and, *a fortiori*, for society as a whole.

The main difficulty signalled by the management of Vitamin-W relates to its financing through project subsidies. Respondents furthermore emphasised that the collaboration with several parties and the economies of scale achieved within Vitamin-W were crucial for the growth, financing and success

of the organisation. It can be said that Vitamin-W, through the upscaling it achieved, tried to protect itself against and deal with the insecurity and instability involved with project-based subsidies. The social profitability of this kind of labour market service suggests that a more secure subsidy framework would be justified.

The organisation's relationships with the public employment service and the Flemish government are both constructive and extremely important. Vitamin-W perceives its own role as the "sag wagon". While the metaphor clearly suggests its aim is to care for the most hard-to-place – indeed, that is the strength of the organisation – it also casts some doubt on the extent to which the VDAB feels responsible *vis-à-vis* those groups. The Vitamin-W management further feels that it has insufficient opportunities for communication with the government and limited say in the design of policies towards their trainee workers.

In-work support for low-skilled re-entrants: the example of the Jobcoach Network

The Jobcoach Network is a project based in the City of Ghent. Its main feature is that mentoring by a jobcoach begins only after recruitment, precisely at the moment when many traditional forms of counselling end. The central objective of jobcoaching is the sustained employment of new employees.

Origin of the initiative

The jobcoaching methodology originated from a need perceived by the local employment centre of Ghent. Originally, jobcoaching was not a formally recognised practice; coaching was organised and financed in the context of:

- Individual company training (*individuele beroepsopleiding in ondernemingen* – IBO).
- Diversity plans.
- Learning island and Interface projects.
- Employment clauses in contracts between the City of Ghent and external contractors (for example, a company is allowed to carry out work for the local authority on the condition that it recruits a prescribed number of people from certain disadvantaged groups).

Experience with jobseekers post-placement revealed that many low-qualified people would benefit from external guidance after starting employment. The reason for this is because employers often invest insufficiently in the reception and guidance offered to people who are not familiar with a professional environment and the company culture they join.

From May 2002 to May 2004, the Jobcoach Network was financed by the ESF as an EQUAL project.[13] In a first phase, the "Jobcoaching" project was subjected to some fine-tuning: experiences were assembled and cross-referenced with some expert views. The results were gathered in a handbook for jobcoaches, who were also provided with a newly developed training course. This process constituted the first of three phases of this three-year EQUAL project: the preparation phase (November 2001 to April 2002); the implementation phase (May 2002 to May 2004); and the dissemination phase (May 2004 to November 2004).

In 2003, the former Flemish minister of Employment, Renaat Landuyt, made additional resources available to the entire Flemish community for jobcoaching to be extended. The VDAB will take over the jobcoaching in most cases. Within the Jobcoach Network of Ghent, the resources will provide for an additional six coaches, each able to deal with an annual caseload of approximately 50 employees to be guided. An important limitation of these funds is that they are earmarked for three specific target groups: the disabled, ethnic minorities, and workers aged over 45.

Organisation and structure

The Jobcoach Network is a partnership of six organisations: the local employment centre of the City of Ghent, the NGO Job & Co., the Chamber of Commerce, the Christian trade union ACV, the VDAB, and the partnership "Ghent, City at work". The jobcoaches are seconded from three partner organisations: four are from VDAB, one is from Job & Co. and one from the local employment centre.

Principles

The objective of jobcoaching is the *sustainable employment of new employees* from the target group. This target group is described as "jobseekers from the disadvantaged groups", which reflects a rather broad view of "low-skilled workers". The Jobcoach Network bases its action on the principle of diversity, which is understood as a broad variation between different employees as opposed to a simplistic dichotomy between advantaged and disadvantaged workers. All employees, *i.e.* the entire team and organisation into which the new employee is recruited, are required to make an effort in order to facilitate his or her integration and participation. In this sense, the entire HR management is challenged to adapt to the new circumstances, not solely the individual. Thus from the outset, the Jobcoach Network takes a *systemic approach* to providing guidance to new employees. All members of the organisation (new and existing) need to participate (and to be coached) in the integration process.

The guidance has a *preventive* dimension, in that the jobcoach seeks to keep the new employee from failing to integrate into the company (which would result in labour market churning). Furthermore, the guidance is ideally only *short term*, in the hope that employees will be able to persevere at work without the support of an external coach.

Finally, it should be noted that a jobcoach only offers guidance with regard to "soft" factors and competences. Help with acquiring technical, professional and specific competences relating to the company organisation is seen as the responsibility of the employer. These skills are expected to be learned on the job.

Obstacles to sustainable employment for the low-qualified

The target group of the Jobcoach Network consists of people who have already been recruited and who are therefore deemed to be competent by the employer for the function they will carry out. However, it appears that many low-qualified people face a host of obstacles to remaining in sustained employment. Interviews with jobcoaches, co-ordinators, an employer and an employee lead the authors to distinguish between three main types of obstacles.

Competences of the employee

A first barrier relates to the competences held by individual employees. These refer to the skills, attitudes, knowledge and experience required to carry out a function.

Virtually all parties interviewed mention a lack of appropriate work attitudes as a stumbling block. Examples include not arriving at work on time, unjustifiable absence from work and failure to notify the employer of an absence in advance. This is linked to a lack of motivation on the part of some employees, often caused by a poor self-image.

Social and communication skills are crucial nowadays in many jobs, next to the purely technical skills and professional expertise. Closely related to these are the "job application skills".

Jobcoaches also point out that low-qualified employees have inadequate "self-sufficiency" (*i.e.* an ability to act independently). In a few cases, the employees have already taken part in work experience programmes, and been offered a high level of guidance and support. As soon as they take on a regular job however, the support stops and they are directly responsible for the paperwork, the negotiation with the employer, etc. – which to some is difficult to address.

Characteristics of the employer

All parties involved mention prejudices held by employers against low-qualified employees and jobseekers as a significant impediment for the sustained employment of this group. Generally, two causes are cited for the prejudice: 1) a lack of experience and familiarity with the group, and 2) previous negative experiences with the target group – for example, with people who were forced to apply for work.

Moreover, employers also often prefer to "play it safe". When companies can attract people with relevant work experience and an attractive profile, those people will be given preference over low-qualified applicants. The business cycle also naturally plays an important role. When there are shortages on the labour market, employers are more inclined to recruit low-qualified staff, because they can rely on the group being given free guidance by an external jobcoach.

For instance, when facing labour shortages and in order to find the required workforce, a local McDonald's franchise holder decided to recruit low-qualified jobseekers. They considered seeking guidance from the Jobcoach Network. A fairly large group was recruited and given guidance, and approximately half eventually remained in the company's employment for a longer period of time. As mentioned before, autonomy and social and communication skills are important for the recruitment and retention of low-qualified employees. Employers, in turn, need to provide the necessary guidance for new employees. In practice this is not always the case, and when it isn't people with little experience and self-confidence are more likely to experience problems during the first months of their employment.

Circumstantial factors

Lastly, a number of circumstantial factors affect the sustained integration of low-qualified people in the labour market. The influence of the *general economic situation* on demand has already been mentioned. People from that group are often the last to be recruited and the first to be dismissed when the company is faced with excess staff.

Furthermore, in some cases this target group is hindered by being less mobile, which means that not all companies (for instance, those outside the scope of public transport) can be reached – a situation worsened by the high cost of childcare.

The jobcoaching process

A jobcoach always operates as an external expert who provides guidance within the company at the request of the employer. The coach aims to help the new employee integrate successfully and efficiently into their new work

environment, but the coaching does not extend to the specifics of a given company culture.

After the appointed coach has been briefed by Jobcoach Network on the employees, their job and the company they are working for, the introduction phase gets under way. That involves the coach discussing with the immediate supervisors and/or managing director the culture, working environment and expectations with regard to the employee. There follows a first discussion with the employee, during which the coach explains his/her role and hears the employee's expectations. On the basis of the discussion, both parties agree to the aspects that the coaching will focus on. These agreements are recorded in a coaching contract.

The actual coaching sessions mostly take place during the first two months of the employment, after which their frequency gradually decreases. In most cases, the coaching is wound up when the employer is of the opinion that the employee is sufficiently integrated and no longer requires coaching. As stated earlier, the attention is mostly directed at "soft factors": attitudes to work and circumstantial factors in the company and social environment of the employee. Lastly, the coaching is evaluated with the employer and employee.

The process set out above is the "ideal" one proposed by Jobcoach Network. Because each employee and work situation is different, no two coaching processes will follow exactly the same pattern. As the contract time passes, employees increasingly have the opportunity to contact their coach when they face problems. These problems can vary significantly; they often relate to various preconditions influencing the employment situation. They may for example be related to the geographical accessibility of the company, to childcare or to salary and paperwork-related issues.

An entire coaching course takes an average of between 25 and 30 hours of guidance per employee.

Role of the jobcoach in terms of upskilling

Interviews with the parties involved reveal that there is a distinction between the immediate short-term effects and long-term influence of jobcoaching.

Jobcoaching essentially tries to address the development of *social and communicative skills and work attitudes*. Jobcoaches as well as employers nevertheless indicate that results in this respect can only be achieved over a longer period. The role played by a jobcoach with respect to fulfilling preconditions (mobility, administration, etc.) is therefore more noticeable in the short term.

The methodology of jobcoaching does not offer the possibility to teach employees particular skills within a short period. A jobcoach tries to

familiarise the employee with the *expectations* of employers with regard to specific skills and attitudes. Through this awareness-raising process and regular feedback, the employee should develop the necessary competences. This method clearly puts certain demands on the employee and furthermore does not always produce instant results. The coach does not play a supervising let alone sanctioning role, which means that the success of the guidance and of the learning effects depends to a large extent on the motivation of the employee concerned. The interviewees for this study were all convinced that jobcoaching makes a valid contribution to the "upskilling" of low-qualified employees, but acknowledge that the learning process takes time. One significant precondition is that the employee and jobcoach establish a relationship of mutual trust so that the desired learning effects can be achieved.

Since jobcoaching takes a systemic approach from the beginning, the employer and colleagues are also involved in the guidance. The jobcoach will try and explain to them the situation of the new employee, and help them understand his or her educational needs. The most important result that can be achieved among employers and colleagues is a pattern of positive expectations with regard to low-qualified newcomers.

Outcomes

Jobcoach Network's objective is to integrate at least 70% of the employees successfully. The criterion for success is that an employee remains at work with the employer for a prolonged period and that the parties involved (beginning with the employer) no longer deem the coaching necessary because the employee is sufficiently integrated in the company.

The initial results as well as the experience of the parties involved suggest that the target of 70% is very ambitious. Of the 59 beneficiaries who began the course in 2003, 39 (65.5%) completed it successfully, 10 pulled out and 10 carried over to 2004. One of the reasons quoted for the moderate success is the fact that employees referred by counsellors of the VDAB are often difficult to coach.

Jobcoach Network uses a broad diversity concept, not wishing to distinguish between various target groups. This vision is to a certain extent validated by the effectiveness of the guidance. The success rate does not differ by target group (*e.g.* by race, gender, etc.). Only the "prior history" of the participant may play a role. Someone who already participated in a route counselling project for jobseekers would have a better idea of what to expect from a coach, and that would make the guidance run more smoothly.

When an external coach comes to the shop floor to guide a new employee, the question arises whether this may lead to a further stigmatisation of the new

employee. In particular cases, the target group already runs a greater risk of stigmatisation by the employer and/or colleagues. However, the jobcoaches involved in this survey did not report any problems in this respect. It is important that all colleagues and immediate supervisors from the employee's environment are involved in the coaching process from the start. They should be made aware of the role of the jobcoach and of the reasons why the coaching is considered to be beneficial. This method prevents conflicts with colleagues.

A further observation concerns the relationship between jobcoaches and trade union delegates within the company, as both are to some extent responsible for the well-being of the newly recruited workers. Clear communication from the start and a clear division of roles (with the coach caring for human relations and the delegate for the promotion of rights) have proved effective in preventing any misunderstandings in this respect.

Main lessons and perspectives from this case study

The example of the Jobcoach Network may at first glance seem rather *atypical* in the context of research on "upskilling", as it relates more to guidance and counselling than genuine job training. Nevertheless, the selection of this case seems justified for two reasons. First, it does contain obvious elements of upskilling, albeit in the area of "soft skills" such as punctuality, communication, etc. The way in which these skills are developed is informal: participation in the jobcoaching process would probably not even be reported by the employee as "participation in continued education or training" in surveys about LLL. Secondly, the example demonstrates that this type of upskilling is typically embedded in a broader approach aimed at removing a range of potential obstacles to sustainable employment *e.g.* administrative, social, human and practical. At the same time, it is clear that upskilling is to some degree a collective process within a "learning organisation".

As new financial resources are provided by the Flemish government in order to extend jobcoaching to the whole of Flanders, the Flemish public employment service VDAB has started to play a more prominent role. From these interviews it appears that there is some disquiet among the pioneers about the extent to which VDAB plans to put the experience gained by the Jobcoach Network into practice and build on it. It is essential that the VDAB coaches are trained for their new role according to the methodology and manual developed within the EQUAL project.

Moreover (as mentioned above), VDAB plans to restrict the extended jobcoaching services to three target groups (the disabled, ethnic minorities and workers aged over 45). Members of the Jobcoach Network interviewed as part of the study argued that this practice is at odds with the broad diversity principle that the Jobcoach Network adheres to for its activities. VDAB

representatives reply that a narrower focus is inevitable due to the upscaling of the measure and the limited resources available.

Workplace training for incumbent workers: the example of Harol

Background to the initiative

The company Harol is a producer of roller shutters, sun blinds and sectional garage doors located in Diest (see map in Annex 5.A1). Set up as a family company over fifty years ago, the company now employs 240 labourers and 90 office staff. A host of initiatives were set up with the objective of developing the competences of a few low-qualified groups in co-operation with the Sub-regional Employment Committee (STC) of Leuven, a local consultative committee made up of delegates of employee organisations, employers' organisations, local governments, the VDAB, the Flemish region and private training and employment organisations. In this case study, the focus is primarily on those undertaken for the so-called "team leaders" (foremen). Harol came into contact with STC Leuven following a recruitment drive and a training course for a group of migrant workers in the company. The contact sparked off an initiative to develop a diversity plan and a training and education project for low-qualified employees with many years of service. The company had a fairly large pool of employees that it wanted to train to be team leaders in the context of a restructuring of its labour force. However, these workers did not all possess the necessary competences, so that some "upskilling" was deemed necessary.

In the late 1990s Harol faced two important challenges. First, the production system needed to be optimised and changed from a "push" (*i.e.* supply-driven) to a "pull" (order-driven) system. Secondly, changes in the production system led to the need for staff to have different competences and for the "upskilling" of low-qualified colleagues.

Management took the decision to let the optimisation of the production system coincide with the "upskilling" of the labourers in the company. The decision to invest in the competences of incumbent employees was essentially driven by social reasons, *i.e.* issues of mutual loyalty between the employer and workers. A large-scale conversion programme was set up around five action points: Quality, Cost, Delivery, Morale and Safety. The new production system was largely based on Toyota's "traditional" system, a method based on leadership and responsibilities that are integrated at as low a level as possible in the organisation's hierarchy. Management tried to support the reorganisation of work by undertaking a number of actions with a great leverage effect. The main action was the upskilling of the relatively low-qualified team leaders in the company. This group of employees had originally been recruited as apprentices and therefore had many years of service that

gave them comprehensive technical and company-specific know-how. Since the company wanted to exploit these competences fully, it chose to give the group the opportunity to develop into team leaders. It required them to develop competences in two areas: the extension of their technical knowledge and skills, and the acquisition of specific management skills.

These factors were behind the fairly comprehensive education and training process that took place at Harol. The activities were carried out in the context of a diversity plan, in co-operation with the Sub-regional Employment Committee of Leuven.

The target group and the intended competences

The target group mostly consisted of employees aged between 45 and 50 who were originally recruited by Harol when aged between 16 and 18. This long tenure means that the employees had a comprehensive knowledge of the company and its production and that their technical know-how was well developed. These competences had developed through years of practical experience while watching the production processes grow from those of a small family company to those of a medium-sized company.

Following restructuring, the function of the target group changed considerably. Team leaders constitute the lowest level of management in the company. They have responsibilities within the production process and are also expected to coach a team of labourers. Clearly, not everyone had the necessary competences to carry out this new function. The main problems were situated in the following areas:

- *Long-term thinking and vision:* for years, the employees had been performing labour focused purely on immediate results. In their new role, they had to co-ordinate work and plan it over time.
- *Flexibility and openness* for new situations and challenges.
- *Leadership:* team leaders (or foremen) are given certain responsibilities with relation to the HR management of their team. This involves, *inter alia,* coaching, appraisals and performance interviews. Apart from interview techniques, these responsibilities also require assertiveness and other communication and social skills.
- *IT-skills:* the new role, as well as the restructuring of the production process, requires that team leaders themselves input data into the computer system.

Content of the upskilling activities

In the initial phase, an external consultant (Manpower) was enlisted to assess the competences of all the employees in the target group. More

specifically, an assessment of their management capabilities was made; their objectives were tested on the basis of personality tests, IQ-tests and interviews. Following this stage, attempts were made to close the gaps with existing competences through education and training activities.

The second round of the project started with training on the subject of appraisals, given by the external consultant Novare. After the training, the team leaders were expected to conduct appraisals of their own team members. Initially they received help from their departmental head, but later they were expected to carry out these tasks by themselves. Interviews with the HR manager and a team leader revealed that these prospects initially gave rise to concern among the team leaders.

In the third phase, the team leaders were guided by a consultant from the company Obelisk, who instructed them on how to take initiatives on their own and to work methodically. In co-operation with an external expert, the HR manager then worked out a step-by-step plan with the aim of developing *Personal Development Plans (Persoonlijke Ontwikkelingsplannen – POP)* for team leaders and department managers. The objective was to ensure that team leaders would eventually be able to develop personal development plans for their team members.

Beyond these formal training courses, collective learning was also carried out in interactive fashion, by means of a "forum" for team leaders, foremen and departmental heads. The forum meets regularly to discuss a wide range of topics.

At the beginning this learning method caused some unease. The participants had previously only performed manual labour and they were oriented towards seeing actual, tangible results. Participation in meetings where they had to make suggestions and actively discuss managerial issues was diametrically opposed to the employees' usual work routines.

The launch of the forum also required some adjustment from the higher management levels. The traditional communication pattern – from the top down – needed to be abandoned. The increased responsibilities of first-line management indeed made it necessary for responsibilities and communications to be entrusted to workers below them in the hierarchy. With the upskilling of the lower-qualified employees, the other hierarchical levels of the organisation faced a number of changes.

Actors involved

The HR department and HR manager appeared to be key drivers in this initiative. STC Leuven also played a significant role in drawing up Harol's diversity plan. As mentioned above, the STC is a key partner. It acts as a contact point for all labour market issues and it takes care of co-ordinating

labour market policies within the district concerned (in this case, Leuven). The STC also develops projects in companies, giving advice on the implementation of labour market policy in the region, and keeps a watchful eye over the fair treatment of jobseekers through an ombudsman's office.

One of the tasks of the STC is to help companies draw up diversity plans, to encourage diversity and proportional participation in the labour market. This can entail initiatives in the field of recruitment and selection, education and training, literacy and numeracy, and miscellaneous intercultural subjects. In the case of Harol, support from the STC was crucial in drawing up the diversity and training plans.

Furthermore, a number of external agencies were enlisted to provide the actual training courses. Manpower looked after the initial screening of all team leaders, and the Novare and Obelisk agencies carried out the training. The advantage of external instructors is their independent position. In the context of a far-reaching restructuring of the company, these agents are usually perceived and accepted as a neutral party by the employees. Finally, the sectoral training institute contributed to the content of the training.

Financing

Naturally, the upskilling programme was primarily financed by Harol itself. Various grants and subsidies supplemented the financing, including a grant earmarked for diversity planning. This helped subsidise part of the preparation phase. Harol's management indicated that without the subsidy, initiatives for upgrading the skills of its staff would still have gone ahead but on a smaller scale. Alongside the system of diversity plans, Harol also made use of the system of training vouchers for employers and of the *Zilverpasplan*. The latter involves measures and actions aimed at stimulating the proportional representation in the labour market of older employees. The actual procedure of the *Zilverpasplannen* is relatively similar to that of the diversity plans, with the Flemish government providing a subsidy covering two-thirds of the total cost.

Outcomes

The overall objective for the company was to *optimise the production process*. The management of Harol wanted to shorten delivery times and increase overall production efficiency. Improvements were subsequently reported in three areas:

- A considerable reduction in delivery times.
- A decrease in production costs. During the first year of the reorganisation production costs rose, because many employees attended courses on a

regular basis and the productivity of the workforce naturally decreased. After the first year, the costs nevertheless fell to below the starting level.

- Considerably improved quality. During the first year of the new production process, the number of complaints fell by 50%, in the following year they fell by 30%.

From the employer's perspective, these outcomes were of course the prime objective of the entire process. Furthermore, approximately half of the target group were able to attain the function of "team leader"; other solutions were found for the other half. Some were made technical officers, because these positions were better suited to their abilities and professional ambitions. Team leaders consequently acquired practical competences allowing them to fulfil their new role. Furthermore, the training had a positive effect on their self-esteem and confidence.

Main lessons from this case study

The Harol case illustrates the possibilities available to firms undergoing structural changes to upgrade the skills of their incumbent employees. Despite their high seniority and apparently stable job careers, it suddenly appeared that the workers who underwent a period of training would otherwise have been at risk of losing their jobs.

The interest of this case undoubtedly lies in the convergence between economic and social objectives: while economic motives (raising productivity and competitiveness) triggered the project, its implementation eventually rested upon a diversity plan focusing on the social advancement of older low-educated workers. The results demonstrate that the upskilling plan was a profitable investment for the company.

The case also illustrates that upskilling reaches beyond the objective of individual integration: it was an integrated part of a comprehensive plan with economic objectives, a related HRM plan for the whole firm, and personal development plans for workers. As in the case of job coaching, it clearly appears that the upskilling of individuals cannot be approached in isolation from the reorganisation of the workplace.

Harol made use of various instruments and the support of various actors marshalled through social dialogue at different levels: federal (sectoral fund), regional (diversity plan) and local (the STC). Co-ordination of these instruments greatly facilitated the smooth implementation of the entire process.

Finally, the case shows that so-called vulnerable groups of workers are capable of learning and adapting to a new work environment and new technologies, provided that the firm's HRM policy prioritises their well-being.

Conclusions

Each of the three cases has revealed the importance accorded "soft skills" as a key to job retention and upgrading. Without ignoring the importance of technical and vocational training, all project promoters have stressed the need to invest in work attitudes, communication skills, interview techniques, time management, etc.

Secondly, initiatives carried out by Vitamin-W and the Jobcoach Network that were targeted at the most disadvantaged groups took on a holistic approach in which the demarcation line between training and guidance is hard to draw. Moreover, all obstacles threatening sustainable integration and employment progression were addressed more or less simultaneously; issues related to medical care, social assistance, mediation, income security, mobility, child minding etc., were all tackled simultaneously, bringing together a variety of stakeholders. Partnership with supporting services is indispensable for success in this field. The case of Harol was holistic in a different sense, as it combined economic and social objectives, linked training in technical and soft skills with the reorganisation of work, and covered the whole firm.

Thirdly, the duration and intensity of the training and coaching periods were proportional to the obstacles facing the low-skilled. Longer pathways inevitably involve major direct and indirect costs, as they are labour-intensive. Private non-profit organisations have often acted as pioneers in this field. Despite growing collaboration with the VDAB, they remain critical and urge the public service to invest more in disadvantaged groups. The Vitamin-W management sees itself as the subcontractor hired for the "hard-to-place", with the VDAB catering more for the "easy-to-place" jobseekers. In Ghent, as the deadline for takeover of the job coaching methodology by the VDAB approaches, the promoters tend to become more anxious about possible cutbacks and reorientation of objectives. Inevitably, the public employment service will need to invest more in training its own staff as well as in extending existing provision for the low-qualified – otherwise, it may end up with a watered-down version of the initial concepts. Additionally, segmentation of the "market" may lead to stigma and other perverse effects. A more balanced partnership should instead be essentially based on mutual complementarities and joint learning.

The representatives of the Flemish government interviewed in the course of this research expressed their concern about the need for improvements to existing measures promoting lifelong learning and sustainable jobs for low-qualified workers in general and disadvantaged groups in particular. It must be admitted that the present unequal participation in lifelong learning reproduces and indeed tends to reinforce the uneven distribution of initial

education among adults. On the other hand, we have seen that a whole raft of measures are already available, some of which appear to be quite successful.

Nonetheless, even if general vocational training instruments such as vouchers are available to all, they do not necessarily suit the needs of the low-skilled. The chapter has shown that Flemish policy remains centred on welfare-to-work strategies for vulnerable groups. A clear policy objective of the present and previous Flemish coalitions has been to increase the rate of employment, and there appears to be no regional or national strategic focus on the low-skilled. Difficulties in co-ordinating federal supervision of vocational and regional competency for active labour market policies have not helped to construct specific strategies for low-skilled incumbent workers.

To some extent, the Flemish government and social partners have sought to link their strategies to those of federal institutions, mainly through the adoption of a modest increase in payroll contributions to the sectoral funds, earmarked for both vulnerable unemployed and employed workers. Moreover, in recent years, increasing attention has been paid to strategies combining training with employment, as well as with HRM innovations. This is illustrated by dual training-employment schemes and by the use of the job rotation approach as a general framework for most of the existing measures. However, it remains to be seen whether these marginal changes will actually benefit low-skilled workers.

Notes

1. The authors would like to thank all interviewees (managers, advisors, workers, trainees, unionists, civil servants) who took part in this study. They are also grateful to the steering group members of the Flemish background report for their useful feedback and suggestions (see also Verlinden *et al.,* 2004).
2. Not so much between subsidies for the employee *in situ* and the insertion of a jobseeker, but between the various possible subsidies for each of the parties separately.
3. Examples of measures integrated into the Job Rotation Plan include individual company training (*Individuele Beroepsopleiding in Ondernemingen* – IBO), the insertion department (*invoegafdeling*), leverage grants (*hefboomkredieten*), VESOC action plans (VESOC = Flemish Economic and Social Consultative Committee) and training vouchers (*opleidingscheques*) for companies.
4. At the time of writing, the Strategic Literacy Plan had not yet been implemented by the Flemish government.
5. Level 2 is generally agreed as the minimum level of functional literacy in advanced knowledge societies.
6. The subsidies are designed to take the preparatory steps toward integrating disadvantaged groups in the labour process – they are not an employment subsidy.

7. Categories of persons of working age whose employment rate is lower than the average for the whole Flemish working population.
8. The "social Maribel" operation involves reduced social security contributions in exchange for an equivalent increase in employment.
9. The deadweight effect of a number of other ALMP measures was found to be much higher; in some cases, it was estimated at 80-90%.
10. Previously, only employers could buy training vouchers for up to EUR 6 000/year (also with a 50% subsidy). This system is maintained, but supplemented with a new scheme for employees.
11. "Guidance" refers to career guidance and competence development and assessment, *i.e.* all advice and services aimed at guiding an employee in the further development of their career and/or participation in a pathway in which assessment of competences is central.
12. The scheme had just begun operating at the time of writing.
13. The European Community Initiative EQUAL is funded through the ESF and runs from 2000 to 2006. See *http://europa.eu.int/comm/employment_social/equal/index_en.cfm*.

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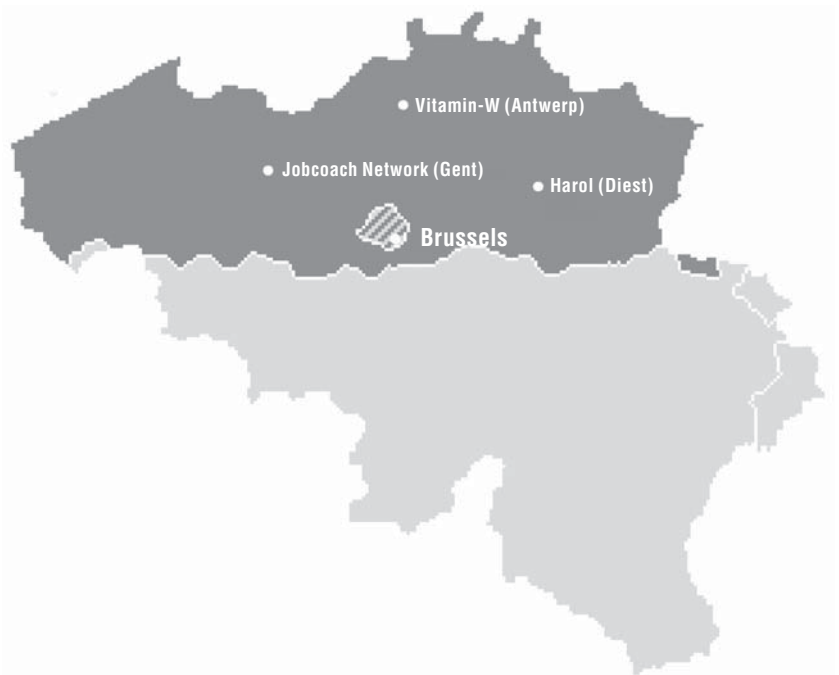
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ANNEX 6.A1

Figure 6.A1.1. **The Flemish region of Belgium and the location of the three cases studied in this chapter**



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Chapter 7

Skills Upgrading Initiatives in Canada: Evidence from Alberta and the Northwest Territories

by
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This chapter discusses several initiatives recently undertaken in Canada to reinforce the need and importance of basic, essential skills in the workplace. It focuses on cases involving employers who, in collaboration with community colleges, have developed tools based on their local labour market needs to upgrade the skills of their workforce. These tools were developed in part through initiatives of the federal government. Following a general overview of the Canadian labour market, the authors examine the main policies in the field of skills development, implemented by both the federal and regional governments of Canada. They then provide detailed descriptions of skills upgrading initiatives in two neighbouring case study regions (the Northwest Territories and Alberta). The conclusion highlights the value of flexible skills assessment programmes that can be tailored to the specific needs of incumbent workers and their organisation.

Introduction

A growing body of evidence supports the view that human capital development is a key factor in driving economic growth. The OECD (2002) has noted that, despite increasing recognition of the importance of human capital development in meeting social and economic objectives, low-skilled workers often find that opportunities to enhance their skills and improve the quality of their jobs are scarce. In many OECD countries, including Canada, there is a high incidence of poverty among working households. Government training programmes tend to target the unemployed – especially the long-term unemployed – rather than the low-skilled, low-waged employed. Moreover, employers tend to provide more and better skills development programmes to workers who are already highly skilled.

OECD (2002) research also suggests that skills upgrading is often part of an "education" agenda related to the notion of lifelong learning, rather than simply an employment policy agenda. However, the demands and business needs of employers are often influential in the development of skills upgrading initiatives.

Some initiatives have been undertaken in Canada at the national, provincial/territorial, and local levels to promote upgrading of the skills of less-skilled workers. The case studies presented in this chapter shed some light on the opportunities and challenges associated with efforts to provide skills development opportunities to such workers.

The case studies involve two neighbouring regions of Canada: the northern portion of the Province of Alberta and the Northwest Territories. The studies include a diversity of initiatives that aim to meet the need for basic, essential skills in the workplace. The chapter largely focuses on cases involving employers who, in collaboration with community colleges, have developed tools – very much based on their local labour market needs – to upgrade the skills of their workforce. These tools were developed in part through initiatives of the federal government.

This chapter begins with a general overview of the Canadian labour market that highlights a number of key economic indicators and trends. The second section discusses the main policy initiatives in skills development implemented by both the federal and regional governments of Canada. The chapter then provides detailed descriptions of skills upgrading initiatives in

the selected case studies areas. It ends with a discussion of common themes and lessons learned.[1]

The national labour market

Macroeconomic indicators

GDP indicators

Canada's gross domestic product increased over the last decade, rising an average of approximately 4% in real terms between 1994 and 2002, when it reached CAD 1.15 trillion (current dollars) (Statistics Canada, 2004a). From 1980 to the present, GDP per capita has risen gradually and not without interruption, increasing from CAD 23 650 to CAD 34 210 (in constant 1997 dollars). GDP per capita varies substantially between provinces, ranging from CAD 40 156 in Alberta in 2003 to CAD 23 929 in Prince Edward Island, with Quebec's GDP per capita at CAD 30 483 and Ontario's at CAD 37 049 (Statistics Canada, 2004b).

In 2003 there were sharp declines for certain industries within the manufacturing sector. Gains in the chemical industry and the manufacturing of information technology were offset by losses for food and wood product manufacturers, with the result that net output change remained flat. This impact on the manufacturing sector was partly due to the steep appreciation of the Canadian dollar, which made international exports less profitable (Statistics Canada, 2004c).

Employment indicators

Unemployment rates

From 1992 to 2000, Canadian unemployment declined steadily, from a high of 11.2% to 6.8% in 2000; with the economic slowdown beginning in 2000 came a modest increase to 7.7% in 2002 (Statistics Canada, 2004d). This general pattern was repeated in most provinces but historic patterns prevailed, with higher unemployment east of the Ontario-Quebec border.

Unemployment is higher for marginalised groups in Canada, especially youth, Aboriginal[2] people, persons with disabilities and recent immigrants. At the end of 2003, the unemployment rate for youth (aged 15-24) was 14%. Unemployment among Aboriginals was 19.1% in 2001.

Unemployment is inversely correlated with education; in 2002, individuals aged 25 and older with less than a high school education had a 10.3% unemployment rate, compared with high school graduates at 6.5%, non-university post-secondary graduates at 5.7%, university graduates at 5.1%, and those with postgraduate education at 4.2% (Statistics Canada, 2004e).

Employment by sector

Nearly three-quarters (74.4%) of Canadian employees worked in the service sector in 2002, a slight increase from the 73.3% level in 1992. Over the same period, growth in employment was led by management and administrative support services (increasing from 2.6% in 1992 to 3.8% of employees in 2002), professional and scientific services (4.6% in 1992 and 6.4% in 2002), and information and culture & recreation (3.8% and 4.6%). Employment declines appeared principally in goods-producing sectors, with agriculture declining from 3.5% to 2.1% of employees between 1992 and 2002, and forestry, fishing, mining, oil and gas declining from 2.2% to 1.8%. A notable decline in the service sector was in public administration (from 6.8% to 5%) (Statistics Canada, 2004f).

Employment by sector varies widely among regions. The manufacturing-intensive regions, principally Ontario and Quebec, employed more individuals in the manufacturing sector (18.5% in Ontario, 18.2% in Quebec) than the Canadian average (15.5%) in 2002 (Statistics Canada, 2004f), and suffered during 2003 owing largely to their dependence on the US economy as an export market. By contrast, the resource-rich regions of western Canada, particularly Alberta, have outperformed the rest of Canada, spurring spin-off employment in construction and service industries during recent years. While employment in the oil and gas sector is higher in Alberta than the Canadian average, any future employment gains are expected to be in other sectors.

Education Indicators[3]

Highest level of schooling

Education levels have steadily increased in Canada during recent decades. Between 1991 and 2001, the proportion of Canadians aged 25 to 64 with less than a high school education declined from 31% to 19%. By contrast, the proportion of Canadians in this age group with post-secondary credentials surpassed the 50% level for the first time in 2001; 23% had a university degree (up from 17% in 1991), 18% had a college diploma (up from 14%), and 13% had a trade certificate (unchanged) (Statistics Canada and CMEC, 2003, p. 381).

Secondary completion rates

The Canadian rate of high school completion in 2000 was 78%, up slightly from the 1995 average of 76%. In 1999, 12% of 20-year-olds had dropped out of high school, a decline from the 1991 level of 18%. The highest completion rates were recorded in the eastern provinces, with the western provinces not far behind. Although significant improvement was recorded over this five-year period, Yukon (59%), the Northwest Territories (39%) and Nunavut (35%) are

still far below the Canadian average (Statistics Canada and CMEC, 2003, pp. 100-101).

Post-secondary graduation rates[4]

College graduates accounted for 28% of their age cohort in 1998, up from 20% in 1989.

In 1998-99, 148 000 people completed trade and vocational programmes; over half graduated from pre-employment and pre-apprenticeship programmes or registered apprenticeship programmes. In 2000, there were 18 000 graduates from registered apprenticeship training programmes, marking a decrease of 7% from 1991 levels. The proportion of women completing apprenticeship programmes doubled over the 1990s, from 6% to 12% of all graduates of such programmes (Statistics Canada and CMEC, 2003, pp. 135-140).

The percentage of Canadian citizens with a university degree rose slightly during the 1990s, from 28% in 1991 to a 1994 level of 30%, where it remained until 1998.

Graduation rates for graduate-level study (master's and doctoral degrees) increased during the 1990s, to 5% for master's degrees in 1998 (up from 4% in 1991) and to 0.6% for earned doctorates (up from 0.4%) (Statistics Canada and CMEC, 2003, p. 374).

Education levels are considerably lower for Aboriginal Canadians at all levels than for the Canadian population as a whole, although there has been some improvement. Between 1996 and 2001, the share of working age (25-64) Aboriginals with only a high school diploma rose from 21% to 23%, while the share with post-secondary qualifications (trades, college or university) increased from 33% in 1996 to 39% in 2001. The proportions of working-age Aboriginal Canadians with trades certificates and community college are similar to those of the Canadian population, at 16% with trades certification (compared to 13% of the Canadian population) and 15% with college qualifications (compared to 18%). University education levels diverge, however, at 8% among Aboriginals, compared to 28% of all working-age Canadians (Statistics Canada and CMEC, 2003, p. 146). Initiatives geared specifically at upgrading the skills of Aboriginal persons are discussed later in this chapter.

Adult education and training: recent data[5]

In 1997, approximately 28% of Canadians participated in adult education and training, with similar rates for women (27%) and men (29%). The majority of participants, approximately 75%, took programmes for job-related purposes. Participation rates were highest in British Columbia (32%), Alberta and Ontario (both at 31%), with Manitoba (28%) and Saskatchewan not far

behind. Quebec (21%) and Newfoundland (19%) trail other provinces, just behind Prince Edward Island and New Brunswick.

An individual's level of education is a strong predictor of training participation in Canada. Only 11% of those with less than a high school diploma participated in some adult education or training in 1997. This compares with a 48% participation rate for university graduates, a 39% rate for college graduates, and a 22% rate for high school graduates (HRDC and Statistics Canada, 2001, p. 71).

Age and training participation are inversely correlated. Training participation rates are fairly stable for younger participants in the 17-44 age range, with a subsequent gradual decline by age. Beginning at age 45, there is a sharp decrease in training rate by age. For 17- to 24-year-olds, the participation rate is just under 40%, declining to 38% for those aged 25-34, 35% for 35- to 44-year-olds, and 30% for 45- to 54-year-olds, dropping to 15% for individuals aged 55-64, and just 5% for those aged 65 years and older. A similar inverse correlation appears between age and study duration.

Adult training participation is also closely linked to employment status. In 1997, 29% of employed people participated in job-related training, compared to 20% of the unemployed. Participation is higher for full-time (27%) than for part-time (20%) employees. There are no major differences by sex, with the single exception that women rely more heavily on self-financing (as opposed to employer financing) for adult education and training than men, a phenomenon explained by their lower labour market participation rate and higher rate of part-time work (HRDC and Statistics Canada, 2001, pp. 17-21).

The primary barriers to participation in adult education and training in Canada, as reported by individuals, are being too busy at work (reported by 62%), inconvenience of time or location of available training (41%), cost (37%), and non-child family responsibilities (14%). For women, non-child family responsibilities (cited by 26%) and childcare (17%) were of somewhat greater importance than for men (21% and 11%, respectively) (see HRDC and Statistics Canada, 2001, pp. 29-31).

Training suppliers and training provision by employers

Public education institutions provide three-quarters of all adult education and training programmes and one-quarter of all training courses.[6] Employers themselves supply close to one-third of all job-related courses (including apprenticeship programmes), while commercial schools and private training providers offer 20% of courses. In addition, equipment producers and suppliers offer 10%.

The principal sources of financial support for adult education and training are employers and self-financing. Employers contribute to the cost of

63% of training courses, while individuals finance their own studies in 29% of cases. For adults requiring basic education, such as elementary or high school education, support is primarily through self-financing (42% of instances) or government (37%), or is offered at no cost apparent to the student (21%). Employers rarely contribute to this kind of education, offering funding in only 4% of cases (HRDC and Statistics Canada, 2001, pp. 24-28; pp. 79-80).

Employers are 2.5 times more likely to sponsor training for white collar workers (those in knowledge-intensive occupations or in professional and managerial positions) than blue collar workers (skilled and unskilled trades), with clerical staff receiving slightly more support than blue collar workers.

Firm size is a strong determinant of provision of employer-sponsored training: the likelihood of receiving employer-sponsored training was twice as high, at 34%, for employees of medium (100 to 499 employees) and large (over 500 employees) firms than that for employees in small firms (less than 100 employees), at 16%. This difference is largely attributable to the relatively high impact of fixed training costs for small firms.

Adult education and training policy in Canada

Investment in adult education and skills attainment has enjoyed a high profile in recent years in Canada. The economic advantages of a skilled labour force and a corresponding policy of human capital development have been recognised and increasingly well articulated among international scholars and non-governmental organisations, as well as by Canadian policy makers. At the heart of this policy is the observation that Canada's competitiveness will rely increasingly on its ability to provide citizens with the knowledge and skills they require throughout their lives.

Federal training policy

Canadian national policy regarding adult worker skills and training has historically been permeated by the tension between the federal and provincial/territorial levels of government. On the one hand, the constitutionally established jurisdiction of the Canadian provinces over education has been interpreted to include adult training. On the other hand the federal government has responsibility for unemployment insurance (now called "employment insurance" or EI), and funds adult skills training through that programme. The federal government used to be heavily involved in the delivery of training programmes (and not just for EI eligible clients). In recent years however, its role in sponsoring job training has changed substantially. The Canadian training system was overhauled in 1996 when the federal government agreed to withdraw substantially from direct support for worker training under the new Employment Insurance (EI) Act. The Act outlined a

process allowing the provinces and territories to negotiate devolution agreements, called Labour Market Development Agreements (LMDAs), with the federal government to share responsibility for active labour market policies. All provinces and territories, except Ontario, have negotiated an LMDA with the federal government since then. The 1996 resolution to devolve training to provincial and territorial authorities notwithstanding, the federal government explicitly retained jurisdiction over adult training for members of targeted groups, including Aboriginal peoples.

The federal government's skills agenda

Results of the Canadian portion of the International Adult Literacy Survey (IALS) in 1994 raised concerns about the levels of literacy and numeracy skills (prose literacy, document use and quantitative literacy) among adult Canadians. While Canada's performance on these measures was comparable with or better than many of its competitors, the revelation that 42% of Canadian adults had low or very low literacy skills – resulting in difficulties performing many everyday tasks required in the home, community and workplace – created a considerable momentum of support for measures to improve those (and other) skills. Evidence of relatively low levels of workplace-based training in Canada gave further cause for concern.

Following announcements in the 2000 and 2001 Speeches from the Throne, the government of Canada articulated its commitment to a human capital development policy when it released a report entitled *Knowledge Matters: Skills and Learning for Canadians*. The report set forth the framework within which the government's Skills and Learning Agenda was to be carried out.

There are three key aspects to this agenda. First, new sources of skilled labour will need to come from among Canadians whose capacity to contribute to Canada's economic well-being has not been fully realised. Special initiatives for Aboriginal Canadians, youth, and persons with disabilities constitute part of this response. Second, the skills of immigrants to Canada[7] are often underused or not used at all; the federal government is therefore now working with professional regulators and educational system representatives to develop standards for the recognition of foreign credentials, beginning with occupations in high demand in the Canadian labour market. Third, it is paramount that the opportunity for Canadians to pursue higher education be universal, irrespective of family wealth. To this end, the government of Canada recently announced measures to encourage families to save for their children's post-secondary education and assist them, as well as increasing funding levels available to post-secondary students in need of student loans.

Skills development initiatives

The federal response to the workplace training gap has been more muted than in other policy areas, owing largely to the government's 1996 commitment to withdraw from worker training activity outside the confines permitted under the new Employment Insurance Act (discussed above).

Although federal funding does not support training directly (other than for certain targeted groups), it does provide indirect support for subsequent training by helping partners to conduct labour market research, develop and publish career information, and develop curricula. For example, the Sectoral Partnerships Initiative provides both core and project funding for sector councils, each of which represent an economic sector. These councils bring together labour and business representatives to address human resources development issues. Research and innovation funds support government and partner projects that increase knowledge and tools in support of improved labour market integration.

The Essential Skills and Workplace Literacy (ESWL) initiative was launched on 1 April 2003. Its goal is to enhance the skill levels of Canadians who are entering – or already in – the workforce. The Initiative does this by increasing awareness and understanding of essential skills, supporting the development of tools and applications, building on existing research, and working with other government of Canada programmes. According to the ESWL website, "essential skills" are those needed for work, learning and life. They provide the foundation for learning all other skills and enable people to evolve with their jobs and adapt to workplace change.

The value of two earlier projects that are now components of the ESWL – the Essential Skills Research Project (which resulted in the identification of occupational profiles and related essential skills profiles) and the Test of Workplace Essential Skills (TOWES) – are apparent in the case studies presented later in this chapter.

Essential Skills Research Project

The Essential Skills Research Project (ESRP) was initiated in 1994 to identify the measurable, transferable and teachable skills present in virtually all Canadian occupations listed in the National Occupational Classification (NOC), the authoritative taxonomy of occupations in Canada. The NOC organises the Canadian world of work into 520 occupational groups according to skill type and skill levels, and is the framework for occupational data collection in Canada. Essential Skills researchers are profiling the 520 groups and identifying the level and application of each of nine Essential Skills for every group; in doing so they are using rigorous, consistent standards – including, where possible, skill levels adopted from existing reliable measures including

the International Adult Literacy Survey (IALS). The profiles are published on the HRSDC website. The nine essential skills are: reading text; document use; writing; numeracy; oral communication; thinking skills; working with others; computer use; and continuous learning.

To date, 200 occupational profiles have been published; the majority of those remaining are expected to be completed by 2007. The ESRP has generated two principal products now used extensively by industry partners. The occupation-specific essential skills profiles are used by industry and educational partners to set training standards appropriate to particular occupations; and the same methodology has been adapted and applied to occupations too specific to receive their own profile under the ESRP. For example, both of the diamond mines included in this study have developed and used customised essential skills profiles for occupations specific to their industry using ESRP methodology.

Test of Workplace Essential Skills

The Test of Workplace Essential Skills (TOWES) began development in 1998 under the joint responsibility of Bow Valley College[8] in Calgary, Alberta and SkillPlan, an initiative of the British Columbia Industry Skills Improvement Council. Funding for this project came from the National Literacy Secretariat at Human Resources Development Canada (HRDC).[9] The resulting product is a test of the three essential skills (reading text, document use and numeracy) that had been measured in the International Adult Literacy Survey (IALS) in Canada in 1994. TOWES is unmatched by other individual-level tests of literacy and numeracy skills for two reasons. First, it has been validated against IALS (and therefore also with the Essential Skills profiles) and proved to correlate very highly with it. Second, because the test materials are authentic workplace materials collected by ESRP researchers and rated for complexity, test candidates are assessed realistically for their capacity to function in actual workplaces. Of the cases being examined in this study, TOWES has been used at Syncrude and Suncor in Fort McMurray and at BHP Billiton and Diavik in the Northwest Territories to assess or screen workers for training and placement.

Provincial and territorial policy responses

A detailed summary of the skills development initiatives undertaken by each of the Canadian provinces and territories would be too extensive to undertake here. Instead, the focus is on the two jurisdictions directly relevant to the chapter, namely the Northwest Territories and the Province of Alberta.[10]

Northwest Territories (NWT)

The department responsible for all of the major policy initiatives in the domain of adult education, training and skills upgrading in the government of the Northwest Territories (GNWT) is the Department of Education, Culture and Employment (ECE). The strategic framework driving the government's education and training policy is captured in the report entitled *People: Our Focus for the Future* (ECE, 2000), and further developed in the *NWT Labour Force Development Plan: 2002-2007* (Government of the Northwest Territories, 2002); the latter is itself an extension of a 1997 education and training plan. The NWT plan aims to establish and promote effective partnerships and networks between various public, private and non-profit organisations in NWT, including educational institutions, the private sector and governments as well as community and non-profit organisations. The labour force development plan emphasises challenges such as enhancing the labour force participation of Aboriginal citizens in remote communities and individuals with lower levels of education, disabilities, or wellness issues (Government of the Northwest Territories, 2002).

The NWT plan integrates three mutually reinforcing components with a view to ensuring a holistic approach to education, training, career development and support services.

The first component focuses on basic education and career services ("Building a Foundation"). The *Adult Literacy and Basic Education (ALBE) Directive* was devised to address skill deficiencies stemming in part from the NWT's historically high secondary school dropout rate. Programmes derived from the Directive are focused on improving adults' access to basic and secondary-level education, but also include community literacy and other basic skills programmes, workplace literacy and training programmes, and programmes for prison inmates. Funding is focused on developing and standardising curricula, quality standards, student-centred teaching methods and baseline literacy data. The career services are complementary to the skills training and upgrading component, as they provide support services such as counselling and labour market information.

The second component of the NWT labour market development policy ("Skill Enhancement") involves both skill enhancement and employment services. This initiative's main objectives are to develop effective skills training, professional certification programmes and new occupational standards where needed. This component emphasises a collaborative and multi-sector approach to training activities, and focuses on institutional and industry training and workplace learning. In NWT, institutional training is offered primarily at Aurora College's three campuses and twelve community centres.

The third component ("Supporting Change") consists of income and personal support programmes. These include a variety of labour market information activities, such as the NorthWin web site, to match employers and jobseekers. GNWT provides direct financial support to individuals ineligible for Employment Insurance support who are pursuing skills upgrading, through the NWT Income Assistance Programme and the Community Skills for Work Programme.

Province of Alberta

Alberta's low rate of unemployment and growing petroleum sector have created a regional skills shortage in numerous occupations, including many directly related to oil extraction and refining. While the province has had a degree of success in attracting skilled workers from other parts of Canada, skills shortages remain and are expected to grow in some regions, particularly in the oil-rich region around Fort McMurray, commonly referred to as the oil sand region. According to government officials, the oil sand's development has been slowed in recent years because of a lack of workers in the construction trades. There is also a concern that the neighbouring province of British Columbia (BC) may draw away many construction workers from Alberta to work on projects associated with the 2010 Winter Olympics. Estimates suggest that as many as 75 000 workers will be needed in BC for Olympics-related construction projects.

The government of Alberta's Skills Investment Strategy, unveiled in October 2003, is designed around four core functions: to provide career information and resources to all Albertans ("Career Information"); to support basic skills training for low-skilled individuals not working ("Work Foundations"); to train low-income members of the labour force in job and self-employment skills ("Training for Work"); and to support projects with organisations, employers and communities to help prepare them address skill shortages ("Workforce Partnerships").

Alberta Human Resources and Employment (AHRE) is trying to shift some of its spending targeted at low-income and unemployed Albertans from adult academic upgrading to skill/occupational training. According to a government official, the thinking is that people can get into the workforce more quickly by taking training in a skill shortage occupation (*e.g.* trades) than by enrolling in a traditional academic programme.

Case studies from the Northwest Territories

The local labour market

The two case studies presented here, Diavik and BHP Billiton diamond mines, are situated near the city of Yellowknife in the Northwest Territories.

The city, the mine sites, and affected communities are situated in the North Slave and Fort Smith regions of the NWT. Much of the labour market information given below is for the Fort Smith region, which occupies the southern half of the Northwest Territories (NWT), and has a population of approximately 29 000 and an area of 618 000 square kilometres (see map in Appendix 6.A1).

The 2001 labour force participation rate in the NWT was 79%, a rate that has remained stable since 1996. The employment rate was 69.5% in 1999 and increased to 72.3% in 2001, while the unemployment rate declined from 12.2% to 8.6% over the same period. The majority of the labour force was employed in health, education, sales, business, finance, administration and other services.[11]

In 1999, of the 5 158 NWT adults who were unemployed: 77% were mainly people of Aboriginal ancestry; most lived in small NWT communities; and most had lower levels of formal education than the general population. Although they are improving, employment rates in the NWT for Aboriginals continue to be lower than for non-Aboriginals.

The population of the Fort Smith Region is educated at levels close to those of the Canadian population as a whole. Between 1991 and 1999, the proportion of Fort Smith residents aged 15 and over with less than a secondary school diploma dropped from 37.1% to 28.8%, while the proportion whose highest level of education is a high school diploma increased from 9.7% to 21.5%, exceeding the Canadian average of 14.1%. A growing proportion of the Fort Smith population is university educated: 15%, just shy of the 2001 national rate of 15.8%.

Aboriginal adults have lower education levels than non-Aboriginal people of working age. Over one-quarter of NWT Aboriginal adults have less than grade 9 and 29% have not completed high school. According to a NWT Literacy Council research project, 66% of Aboriginal adults do not have the literacy skills needed for daily living (IALS level 3) compared with 31% of non-Aboriginal adults.

Both diamond companies have signed socioeconomic agreements with the government of the Northwest Territories and local Aboriginal groups to meet employment and training targets. These agreements exist to ensure that residents of the Northwest Territories are able to benefit directly from the economic activity of the diamond mines.

For example, BHP Billiton signed a socioeconomic agreement in 1996 with the government of the Northwest Territories in which the company committed to according hiring preference to "Northerners" and Northern Aboriginals. Northerners are defined as permanent residents of the Northwest Territories. The company has a hiring target: Northern Residents (Northerners) should make up 62% of its workforce. Northern Aboriginals

must comprise a minimum of 50% of the Northern Resident hiring target. In other words, Northern Aboriginals must make up at least 31% of the total workforce.

Similarly, Diavik signed a socioeconomic agreement in 1999 committing it to having at least 66% of its total workforce comprised of Northerners. It is also expected that at least 40% of the operation's workforce will be Northern Aboriginal, which means Northern Aboriginals will account for 60% of the Northerner hiring requirement. Diavik has also signed participation agreements with five Aboriginal groups in which the company has made extensive commitments to training, employment, business opportunities and scholarships (college and university).

Meeting these hiring targets can pose a challenge for both BHP Billiton and Diavik, given that the NWT has a population of only 42 000. Aboriginals make up half the population of the territory.

Another unique feature of these cases is the remoteness of the operation of both diamond mines. Both mines are located approximately 300 kilometres northeast of Yellowknife and, except for a short period when a winter road to them exists, they are only accessible by air. Air transportation between Yellowknife and the respective mine sites is paid for entirely by the diamond companies. These are the first paying jobs many of the Aboriginal workers in the diamond mines have held, a fact stressed in several interviews. Moreover, English is the second language to many of these workers.

BHP Billiton Diamonds Inc.: implementing the Workplace Learning Programme

BHP Billiton (BHPB) operates Canada's oldest diamond mine at its remote Ekati Diamond mine site, located approximately 300 kilometres northeast of Yellowknife, the Northwest Territories. Construction of the mine began in 1997 and mining in 1998. The mine currently employs approximately 750 workers and operates 24 hours a day, 365 days a year. Employees work 12-hour shifts, seven days a week, on a 2 by 2 shift rotation with two weeks on (onsite), and two weeks off (off-site).

In response to the low levels of literacy among a substantial proportion of the region's labour force (NWT Literacy Council, 2004), BHPB developed the Workplace Learning Programme (WLP), an onsite workplace literacy training programme geared towards literacy-skills upgrading. The programme focuses on teaching the essential skills of reading, writing, numeracy and oral communication. Individuals in the WLP can range from those working on pre-literacy programmes to those focusing on pre-apprenticeship.

The WLP was developed to assist the company in achieving its Aboriginal hiring commitments as well as in ensuring a safe and productive workforce.

Given that approximately 30% to 35% of the mine's Aboriginal employees struggle with reading simple documents (Schierbeck and Devins, 2002), literacy skills upgrading, particularly for new hires in entry-level positions, is a key component of the WLP. In addition to the core literacy upgrading component, the WLP offers pre-trades and apprenticeship preparation classes, and there are also structured classes and support for workers who wish to complete their high school equivalency diploma.

The WLP is available to all employees and BHP contractors who wish to upgrade their skills. Participation in the programme is voluntary and confidential. The WLP was officially launched in 2001, and by 2004 approximately 140 employees had completed the programme. In 2004 some of the original learners were still in the WLP, as they were at very low literacy levels. Others successfully passed the GED (high school equivalency exam): 18 in June 2004. Approximately 15 learners successfully took pre-trades examinations and moved on to apprenticeship programmes. Another group of learners accessed the WLP for assistance while doing their apprenticeship training and completed their trades training to become Journeyman Ticketed Trades people.

Operation of the WLP is funded by BHP Billiton, and the annual budget is approximately CAD 450 000. This amount includes three adult educator[12] salaries and benefits, computer resources, book resources, materials, mine site flights to and from Yellowknife, and accommodation and food for the adult educators. The government of the Northwest Territories provided a small amount of funding towards part of the salary of the pre-trades adult educators in 2004 and a slightly larger amount in 2003.

The company generally grants work-release paid time to attend the WLP, although sometimes students participate on their own (unpaid) time. The programme is primarily focused on onsite learning at the mine site in either a small group setting or through one-on-one tutoring with an adult educator. However, workers are also encouraged and supported to continue their learning when they return to their home communities on their two weeks off.

BHPB worked with Bow Valley College to develop customised essential skills profiles for four entry-level occupations (maintenance technician, process plant operation assistant, warehouse technician; and heavy equipment operator). The company and college also worked together to develop customised versions of the Test of Workplace Essential Skills (TOWES), called "Pre-Assessment TOWES". These are used to identify the gap between the skills required for a job and an individual's skill level. The WLP adult educators use the customised assessments to establish a student's workplace literacy skills, and then develop a learning programme for that individual worker. Pre-Assessment TOWES is used by BHP not as a screening

tool, but rather as an assessment tool. BHPB covered the full cost of developing the four customised essential skills profiles and customised Pre-Assessment TOWES tests with Bow Valley College.

A unique feature of the WLP is that the adult educators conduct job shadowing with their students, going out into the field with them to see how they apply their learning on the job. For example, heavy equipment operators are required to write frequent entries in logbooks as they move throughout the mine site, recording information on where they picked up a load, what its contents are, and where the load is destined. By shadowing these employees, the adult educators are able to see where literacy skills are used in the job, assess how well a student is progressing, and determine where they might need further help.

Supervisors have identified positive outcomes from the skills upgrading initiatives, such as increased self-esteem and participation among workers, a greater willingness to co-operate, and a safer working environment.

Several factors have contributed to the early success of the WLP; one was support from the company's top management. The CEO of BHP Billiton took a strong position in supporting skills upgrading with paid work release time to participate in the WLP. He felt that without paid release time, the WLP would never have been a success. Early stakeholder involvement in the programme's design and launch was noted as a further key to success. A deliberate effort was made to obtain a buy-in from both management and employees prior to the launch. For example, crew presentations were made at the mine to inform workers about the WLP and to emphasise that participation was entirely optional and would not figure in any subsequent employee evaluation. The adult educators also seek input from stakeholders in developing the curriculum and courses. Additionally, team leaders regularly give feedback on the programme and what progress they see in the participating workers. This allows the programme to continually evolve to meet training needs of both the company and individual employees.

Another key to success noted during the interview was the fact that the programme curriculum is customised for each student based on their individual assessment with the adult educators. The job shadowing of the adult trainers with students in the field has also helped further customise the training for individual workers.

Despite its notable success, a number of challenges in implementing and running the WLP were identified by a BHP Billiton adult educator. One is the fact that basic literacy programmes are not common in most workplaces. The company has thus had to create the WLP from scratch and continues to adapt it to meet changing needs. Another challenge is recognising that for some there is a stigma around low literacy. Given the close quarters at the mine site, it can be

somewhat difficult to maintain confidentiality of a students' participation or progress in the WLP. Furthermore, the split schedule of two weeks onsite and two weeks off is noted as a challenge in operating the WLP. This schedule means the adult educators have limited time with some workers and only certain windows to work with students before they have gone home again. This can sometimes interfere with an individual's programme development or progression.

In running a programme like the WLP, a continuous challenge is to balance the training needs of the students with the need to run the mine. Even though there is a great deal of management support for the WLP, it is understood that BHP Billiton is a mine and not a school. Although the company is accommodating in terms of release time for workers to participate in the programme, there is recognition that safety and production concerns at the mine must override WLP training needs.

Finally, the popularity of the WLP has resulted in a waiting list of employees who wish to participate. Yet the number of students who can participate in the WLP at any point in time is limited by the fact that there are only three adult educators at BHPB and with the 2-weeks-on/2-weeks-off schedule, all three may not be onsite at the same time. Until a full assessment of the WLP is conducted, it is difficult to assess whether students are moving through the programme at a sufficient speed or whether hiring more adult educators might be needed to address the backlog.

Diavik Diamond Mines Inc. – combining community-based training with an onsite learning centre

Diavik Diamond Mines Inc. (DDMI), based in Yellowknife in the Northwest Territories of Canada, is a subsidiary of Rio Tinto plc of London, England. DDMI operates the Diavik Diamond Mine, located on a 20 square kilometre island informally called East Island, in Lac de Gras, approximately 300 kilometres northeast of Yellowknife. The Arctic Circle is located 220 kilometres north of the mine.

Diamond production at the mine began in 2003, and the ore will be extracted over an estimated 20-year mine life. The plan includes mining of four diamond-bearing ore bodies, commonly called kimberlite pipes, using a combination of open pit and underground mining methods. To support diamond mining, the Diavik site includes a permanent worker accommodation complex, a processing plant, maintenance shops, a diesel power generating facility, fuel storage, a jet airstrip, water and sewage treatment facilities, and a processed kimberlite containment structure. The project capital costs were nearly CAD 1.3 billion and the mine currently employs approximately 700 workers.

Three key skills initiatives have been examined for the purpose of this study. One is geared toward building capacity in the local community by upgrading the skills of the local population through community-based training programmes. The second initiative focuses on how Diavik works to provide skills upgrading programmes for its workforce, mainly at entry-level positions, through its own company learning centre. Finally, the section looks at how the essential skills programme has been taken up by Diavik.

Community-based training programmes

Diavik's unique community-based training programmes were designed to offer northerners opportunities that will prepare them for long-term employment with Diavik or with other northern-based businesses. The main idea behind them is to build capacity in the local communities that can be moved into the company workforce, *i.e.* skills that Diavik and other employers need to build and operate their business.

The motivation for community-based training largely stems from the socioeconomic and participation agreements noted earlier. To support its employment commitments and meet its human resource requirements, Diavik works to upgrade the skill levels of the local communities from which its potential workforce is drawn. The company helps develop community-based training programmes through partnerships with local communities, territorial and federal governments, Aurora College, contractors, and other educational institutions.

Training includes a combination of classroom study and hands-on instruction. The classroom component teaches basic academic and personal skills development by qualified adult educators. The hands-on training component has included training in construction-related activities such as welding, carpentry and electrical and plumbing skills. It has also covered heavy equipment operation.

One of the key elements of Diavik's programmes is to train participants for projects that would benefit the community. Students have worked on a variety of community infrastructure projects, such as building a bridge and community halls.

Community-based training programmes have evolved to meet the needs of the Diavik operations. Recognising the demand for employees to help build the mine, the first programmes were geared at building construction skills. Diavik's construction training courses produced 234 graduates – a 77% success rate. Of these graduates, 70% moved on to employment at Diavik, with other mines, or with the local government. As the diamond mine has moved from the construction phase to operations, the focus is now on training northerners

for safe and productive employment within the mine and teaching the skills necessary to operate the specialised equipment onsite.

Community-based training not only provides northerners with the technical skills they will need in future jobs at Diavik, but also focuses on building essential workforce skills. Students are taught the importance of teamwork and how it is crucial for success in the workplace. The training programmes are designed in such a way that students must learn to work together and accomplish tasks as a group – something that would be required when working at the Diavik mine. Students also work on reading and writing skills, which are of prime importance for safety in the workplace.

Moreover, the idea of shift work was introduced into the communities through community-based training. The Diavik mine runs on a 2 by 2 shift rotation (2 weeks onsite, 2 weeks off), with 12-hour shifts, 7 days a week, 365 days a year. This same shift routine was incorporated into the training programme model. Students work two weeks in a classroom setting and two weeks on the practical component. This helps them become familiar with working the same shift schedule they would have at the Diavik mine.

For many in these northern communities, jobs at Diavik (as was the case at BHP Billiton) are the first paid jobs they have held, which has influenced the skills upgrading required. Diavik has built a system through these programmes that has proved most effective in meeting its social obligations and workforce needs at the same time.

Diavik managers that were interviewed for this study attribute the success of the community-based training programmes to a number of factors. Bringing the training to the communities allowed Diavik to build relationships and trust where it would ultimately be seeking its current and future workforce. This community mobilisation was a tool to make northerners aware of what working in a mine is about. The communities have taken ownership of these courses and now approach Diavik to help in course delivery.

Furthermore, it was found that the community benefits from having something constructed that will be used by residents (*e.g.* a community centre, a road, or an arena), and students benefit by learning skills they can take with them to a future job. There is a direct link between the skills developed in these programmes and those required at the Diavik mine site, and the strong skills match allows programme participants to take advantage of jobs there or elsewhere.

The company has noticed that hires that were originally part of a community-based training initiative have generally done better in the workplace in terms of fitting in and working well with others. This is largely attributed to the teamwork emphasis of the community training and to the fact that students have been exposed to the necessary workplace skills.

Partnerships are also seen as a key factor. The company attributes much of the success of these initiatives to its various partners such as Aurora College, corporate partners, government, and the communities themselves. Each partner has provided varying amounts of time and funding to specific community-based training programmes. The company notes that communities are now approaching Diavik for new projects: they have raised the funds themselves and have asked Diavik to promote the programme for them.

Diavik's Workplace Learning Centre

To address the training needs of its employees, Diavik operates a Workplace Learning Centre (WLC) at the mine site. There, two adult educators assist workers in developing training plans or upgrading programmes. The WLC is now in its second year of operation. Workers can upgrade math, science, and computer skills and they can also take a high school equivalency exam (the General Equivalency Diploma – GED), trade apprenticeship exams and college/university exams, all onsite. Diavik pays the entire cost of running the WLC. In the first year of the WLC's operation, the annual budget was CAD 60 000. In year two, the company has budgeted CAD 100 000 to run the centre (a 67% increase over year one). These annual budget figures do not include the cost of the two adult educator positions.

A unique feature of Diavik's approach to employee skills upgrading is that learning does not end when the workers return home (as part of the 2-week onsite, 2-week offsite rotation). Diavik has developed a system that allows for workers to continue their training in their community during their two weeks off each month. The company works with local communities and with Aurora College's satellite community learning centres, which are in many northern communities, to ensure that learning can continue when an employee returns home to his or her community. The idea is to have a learning centre in each community.

Managers at Diavik attribute the early success of the Workplace Learning Centre to several factors, such as support from senior management at the mine. This support has translated into release time for employees to participate in the WLC programmes, although it should be noted that there is no official company policy with regard to release time. Therefore, the centre must constantly show that it is adding value to maintain the support it has received thus far. As one manager noted, a goal is to have the WLC seen to be so valuable in the company that managers are more willing to offer release time for employees to attend programmes and workshops.

Additionally, managers noted that they had undertaken substantial research on skills upgrading to gather information about provision. They had

talked to other organisations that had their own initiatives in place and found out about their successes and failures. The company also has made a deliberate effort not to aggressively push the programme but to rely on word of mouth of employees. Managers also coach mine supervisors to encourage employees to use the programmes offered, and the company celebrates its successes whenever it can.

It is too early to assess the long-term impact of the Workplace Learning Centre (WLC) on the skill levels of employees, given that it is only in its second year of operation. However, the company has been making adjustments to the programme as it moves along. One of the key challenges in running the WLC is maintaining credibility and ensuring that the centre is seen as adding business value to the organisation. As such, the centre has recently repositioned itself "from a community centre to a learning centre". For example, the WLC used to offer classes in activities such as painting and beadwork. The company has removed them and hired two onsite recreation co-ordinators to look after these types of non-business development and recreational activities. It is constantly made clear that the mine is a place of business and not a college. Managers of the centre note that they must focus on what is essential for workplace development to meet the company's business and safety needs.

Piloting a customised essential skills programme at Diavik

Diavik recognises the importance of developing the essential skills of its workforce to meet its operational needs, and for workers to be safe and productive at the mine site. Safety is a key motivator in developing essential skills of the mine workforce, particularly for those with low levels of literacy. The importance of safety was noted frequently by several managers who were interviewed; it is an issue that is continuously reinforced in operating the mine. Again, reading and writing skills are seen as key elements in workplace safety.

Recognising the low levels of literacy in the workforce, particularly for those in entry-level jobs, Diavik began a programme that focuses on skills upgrading for low-qualified employees. The company noted that it did not want a literacy programme *per se,* but rather wanted value added knowledge for employees. In response, Diavik partnered with Bow Valley College in developing customised essential skills profiles in four entry-level positions seen as critical to operations: heavy equipment operator; warehouse technician; site services operator; and process plant operator. This profiling work was conducted by specially trained consultants well versed in the same profiling methodology used by HRDC in the development of the Essential Skills Research project (noted earlier). These customised profiles were used to develop customised versions of TOWES tests. Using this assessment tool, the

adult trainers at Diavik are able to identify gaps between workers' skills and the skills required to be effective and safe on the job. They are then able to determine the most effective interventions for the individual workers and provide that training. The costs of developing the customised essential skills profiles and TOWES tests with Bow Valley College were paid for entirely by Diavik.

It is important to note that Diavik, like BHP, chose not to use essential skills assessment tools to pre-screen potential employees (contrary to the case studies in Fort McMurray, Alberta discussed later in this chapter). For these two employers, building a skilled workforce requires that the TOWES tests be used as the basis for designing skills upgrading activities, not as a screening tool. Employees hired for the entry-level positions are largely hired on the basis of their attitude, previous work experience, and work ethic rather than their educational background or literacy skills. The company recognises that they have to accommodate the workforce available to them, as well as their current skill set, to fill the jobs they have available.

Use of the customised essential skills profiles and TOWES tests as an assessment tool began as a pilot in early 2004; approximately 46 employees have participated in the pilot so far. New entry-level hires participate in one-on-one sessions with the Diavik adult educators, who assess their skill level and develop a customised training path for their specific needs. The literacy training for some students can indeed be intensive depending on their current literacy level – some students have six hours of training per day. Management supports this initiative by giving students time off to participate in training during their shift.

Although the programme was still a pilot at the time of the interviews for this case study, the company has already seen skills improvements in many participants. Prior to participating in the programme, only 20% of the pilot students had passed their first reading test, conducted through a computer based test (CBT). After the pilot students completed their one-on-one training with an adult educator, almost all of them (97.7%) passed this same CBT reading test.

An interview with one of the students who participated in the pilot revealed how successful it had been to him personally – not only with improving his literacy skills but also in terms of building his confidence and self-esteem. This student found that his training had made his job easier, faster and – more importantly, perhaps – motivated him to want to learn more.

The pilot using the custom essential skills profiles and custom TOWES tests has been deemed such a success that the company is now developing a full programme based on the pilot. The key to success appears to be the ability

to develop a custom training map for each individual student to meet their particular development needs.

A lesson learned in developing this pilot is that some of the computer-based training (CBT) reading courses that were being used by Diavik in the Workplace Learning Centre were too advanced for the literacy levels of many entry-level workers. These CBT courses are now being adjusted and customised to the reading levels of the workers who use them.

Both diamond companies in the Northwest Territories invest heavily in upgrading the essential skills of many of their employees even though there is competition between these two companies (as well as among other employers in the area) for employees. The diamond companies acknowledge that poaching by other employers does occur and that another organisation may benefit from the skills upgrading they have provided. However, employee turnover or poaching was not cited as a major issue by either of the companies interviewed. It would seem these companies have little choice but to continue with their skills upgrading initiatives in order to meet the social obligations of their socioeconomic agreements (including hiring quotas) with the territorial government. At the same time, there is also the need to have a skilled and literate workforce to meet operational, business and safety needs. With a third diamond mine, De Beers Diamonds, set to begin mining operations in 2005/2006, the competition for employees will continue to grow. As one stakeholder at Diavik suggested, each of the diamond companies will have to focus on skills upgrading while striving to be an employer of choice.

Case studies in the Province of Alberta

The local labour market

The majority of the case studies examined in Alberta are located in the city of Fort McMurray in the northern part of the province (see map in Appendix 6.A2). Alberta has the world's largest oil sand deposits, and the region surrounding Fort McMurray has seen rapid growth in recent years.[13]

With an employment rate at 77.5% and unemployment at 4.9%, the region around Fort McMurray performs slightly better than the totals for Alberta (69.3% and 5.2%, respectively) and significantly outperforms the Canadian figures of 62.5% and 7.4%.

Unemployment rates are higher for Aboriginals in Alberta than for the general population. In 2003, the unemployment rate for Aboriginals living off-reserve in Alberta was 10.7% compared to an overall unemployment rate in Alberta of 5.5% (Alberta Human Resources and Employment, 2004).

The labour force of the Fort McMurray area is comparatively young, with a median age of 30.8, compared to a provincial median of 35; 76.7% of

the Fort McMurray population is younger than 45, compared to a provincial rate of 67.3%.

The level of education of working age residents of the Fort McMurray area is improving: between 1991 and 1996, the proportion of those aged 15 and older with less than a grade 9 education dropped from 9.6% to 6.2% of the population, while the proportion of those with some kind of post-secondary education increased from a 1991 level of 52% to 55.8% in 1996 (Statistics Canada, 1994; 2004g).

Aboriginals in Alberta have lower post-secondary education levels than the general population. In 2003, only 22.9% of off-reserve Aboriginals in Alberta aged 15 to 64 completed some kind of post-secondary education (Alberta Human Resources and Employment, 2004).

The education levels of Fort McMurray's working age population are compressed relative to national levels, with 22.3% aged 20 and older with less than a high school diploma compared to the national average of 27.9%. Nearly 13% have a high school diploma but no additional education (compared to 14% nationwide). On the other hand, post-secondary education is concentrated among trades, college diplomas and other non-university education; 47.9% have non-university postsecondary education, compared to 34.3% of the national population. By contrast, 11.2% have a university degree as their highest level of education, compared to 13.8% nationwide (Statistics Canada, 2004h).

The case studies presented below focus largely on the skills upgrading initiatives of oil companies, Syncrude and Suncor, located in Fort McMurray, Alberta. It is noteworthy that these two companies use the Test of Workplace Essential Skills (TOWES) differently from the case study companies in Yellowknife: customised TOWES tests are used as a recruitment screening tool for specific entry-level positions rather than as an assessment tool. Both oil companies also require all applicants to have a minimum grade 12 (high school) diploma.

The sharply different labour market in Fort McMurray is likely a key reason for the different approach. The oil companies received hundreds of applications a week from individuals seeking employment, and they needed a system to filter the huge number of applicants to ensure they had the sufficient skill levels required for specific jobs. Keyano College (in Fort McMurray) and Bow Valley College worked together to develop the customised TOWES tests at both oil companies. While the tests are based on the local labour market needs of these companies, they are also consistent with national occupational standards. Both Syncrude and Suncor paid for the cost of their customised essential skills profiles and TOWES tests.

It should be noted that some stakeholders in Alberta did not agree with the approach of using TOWES test scores as a screening tool for hiring. Some felt that the test may screen out qualified and even highly skilled candidates who simply did not perform well on the test. In Yellowknife, stakeholders noted that the local labour market would not respond well to any perceived "employment test" and therefore have not used TOWES as a screening tool – nor do they intend to do so.

Syncrude Canada Ltd – emphasising workplace literacy and numeracy

Syncrude is the world's largest producer of crude oil from oil sand and the largest single source producer in Canada, currently supplying 13% of Canada's annual oil requirements. It operates large oil sand mines, extraction and upgrading facilities, and utilities plants at its sites north of Fort McMurray, Alberta. Construction began on the Syncrude site in 1973; the official opening was in 1978.

Syncrude is one of the largest private sector employers in Alberta, employing approximately 4 000 people directly and an average of 1 000-1 500 maintenance contractor employees. Syncrude is also a major industrial employer of Aboriginal people in Canada. Aboriginals make up 12.5% of its employee/ contractor workforce.

Syncrude has long recognised that its business success is dependent on a committed, skilled, and motivated workforce. The company has spent over CAD 23 million on training initiatives and has become a leader in developing the essential skills of its employees. Essential skills training has been a major focus of the company as noted in the quotation from the former head of Syncrude:

> Essential skills training ensures that Syncrude employees have the skills and confidence required for today's workplace, and that we are prepared to meet the challenges of the future (Eric P. Newell, Former Chairman and CEO Syncrude Canada Ltd).[14]

The Syncrude mine sites are very large industrial operations involving huge capital equipment and requiring a highly reliable workforce. At the same time, the importance of safety in the workplace is paramount at the mine sites. The company therefore needs a workforce that is literate, numerate and flexible, and workers that are able to communicate effectively with each other.

In the late 1980s Syncrude recognised that there was a need to increase literacy skills among its workforce. In 1987, Syncrude partnered with Keyano College in Fort McMurray to develop, manage and deliver a workplace literacy programme called ERIC (Effective Reading in Context). After several test pilots with supervisors at the company, the programme had its official kickoff in 1988

and is still in place at Syncrude today. Since its launch, the ERIC programme has had over 1 500 participants.

ERIC, promoted as a "workplace essential skills reading comprehension programme", is offered to all Syncrude employees free of charge and is strictly voluntary and completely confidential. The reading workshops are offered away from the Syncrude mine sites at the Keyano College campus in Fort McMurray. Having the programme offsite in a college setting was a deliberate decision by the company to emphasise the confidential nature of the programme. Participants are also given orientation sessions at the campus to make them feel more comfortable and to familiarise them with the surroundings.

The programme is delivered by instructors from Keyano College. There is no testing of programme participants. Instructors conduct confidential one-on-one consultations and assessments with participants and then decide on a 12-, 28-, or 40-hour workshop. The choice of which workshop to participate in is generally left to the discretion of the individual, depending on their needs and time availability as well as on feedback from the instructors. The workshops are conducted in small group settings with up to eight participants per group. The use of small groups is cited as a key strategy, since group members are found to be very supportive of each other as they move through the workshops.

Syncrude gives employees release time to participate in the workshops. The workshops are generally offered during working hours, so workers are paid while attending the classes during company time. However, there is a lot of give and take by both the employees and the company. For example, if a workshop happens to fall on an employee's day off, then they are still expected to attend but are not paid for this time. Also, if an employee is scheduled to work a night shift the day a workshop is offered, then they are often able to switch to a day shift so they are able to attend the workshop during working hours. This give-and-take approach has been recognised as a key factor in the success of the programme.

A unique and important feature of the ERIC programme is that participants themselves identify the materials they would like to work with in the workshops. The reading materials used in the programme are authentic workplace materials that employees would encounter. The customised workplace examples and exercises allow participants to see the connection with what they are learning in the classroom and how to apply this learning directly to their jobs. It is recognised that participants are adult learners and have a wealth of workplace knowledge that they bring to the table. They too are partners in developing the programme content. ERIC is fully flexible and can be customised for different groups with specific needs. The content is

adjusted so that it is relevant and practical in the workplace. For example, the content used in an ERIC workshop for a group of Syncrude engineers would be quite different from the content for a group of heavy equipment operators. Hence, participants learn reading strategies that they can apply immediately to materials they encounter each day in their jobs.

Apart from essential reading skills, management at Syncrude recognised a need to further develop the math skills of its employees in the 1990s. Once again, Syncrude partnered with Keyano College in developing and launching SAM – Syncrude Applied Math – in 1997.[15]

SAM is promoted as "a workplace essential skills math programme", with customised workshops designed to include examples and exercises of relevant workplace math requirements. The SAM programme follows the same model as the ERIC programme, *i.e.* it is voluntary and confidential. SAM is offered to all Syncrude employees free of charge and the courses take place at Keyano College in small groups of up to eight participants.

The ERIC and SAM programmes are intended to help employees learn important reading and math skill strategies that will make them more flexible and adaptable workers in a continuously changing workplace.

As part of this study, interviews were conducted with a group of Syncrude employees who had participated in the ERIC or SAM programmes. Everyone in the group saw participation in these programmes as a positive experience, and considered what they learned invaluable in their work.

The group indicated that the benefits of ERIC and SAM are more than just learning strategies around reading and math – they are also about confidence building. Many also noted that the programmes helped with their personal growth and had increased their self-esteem. Some employees indicated that ERIC or SAM had helped them prepare for exams related to their jobs.

All indicated they would recommend ERIC or SAM to their colleagues and the majority had done so. Support by their supervisors to participate was cited as a key to their succeeding in the programme, and workshop participants liked the fact there was no testing to participate. All commended the instructors and noted they were key determinants in the success of the programmes. Some felt that a computer-based version of these programmes would likely not be as successful as the one-on-one instruction with the group and that instructors are what make the programme work.

The full cost of developing and running the ERIC and SAM programmes for Syncrude employees was paid for by the company.[16] Keyano College develops customised ERIC and SAM programmes for other organisations on a cost recovery basis. The cost for adapting ERIC/SAM by Keyano College varies, but a recent adaptation of ERIC for a health organisation cost approximately CAD 22 000. This includes two pilot workshops, advisory committee meetings,

and course materials and promotion, and instructors' salaries. The substantial costs of adapting and maintaining programmes such as ERIC or SAM may mean that many organisations, particularly SMEs, may not be able to afford to adopt these types of skills upgrading initiatives in their workplaces.

A key to success appeared to reside in the fact that the company deliberately chose to make the programme voluntary and confidential. Also, the programmes have not been aggressively marketed within the company; rather, the strategy has been to rely on word-of-mouth promotion from workshop participants. Keyano College also regularly sends messages to all employees via email when new workshops are scheduled, and posters of upcoming workshops can be found on employee bulletin boards throughout the workplace. The decision by the company not to aggressively market their ERIC and SAM programmes is largely attributed to the fact that there is still a stigma around literacy and numeracy training.

Moreover, the content of the workshops is customised to participants and relevant to their workplace. The curriculum for ERIC and SAM is based on printed materials that participants use in their jobs and is therefore something they can begin to use immediately when they return to work.

Interviewees also attribute the success of Syncrude's skills upgrading initiatives to the fact that the programmes are continually adapting and changing. As described by one ERIC instructor, this is "a living programme" with flexibility that allows for continual adjustment to the needs of each workshop group. The content of the workshops may change but the learning strategies remain the same.

As with many successful initiatives, having support from the top within Syncrude – its former CEO – was also mentioned as a key to success.

The number of employees who have participated in ERIC since its launch is substantial. However, there is evidence that those needing the programme (and SAM) may exceed the numbers that have been entering. The fact that the company does not aggressively promote ERIC and SAM is seen as somewhat of a barrier by some: participants noted that many employees are simply not aware of these programmes, and this group could include employees who may benefit most. However, information on all training opportunities (including the ERIC and SAM programmes) is available on the company Intranet if an employee chooses to seek it out. It seems to be up to employees to find out what training opportunities are available to them. Some indicated that they wish they had taken these courses sooner but did not always know they were available; others suggested that there may be a need for more aggressive marketing of the programmes. For example, some suggested that Keyano College (which runs the ERIC and SAM workshops for Syncrude) should

consider more customised *marketing* of the workshops, aimed at specific groups of employees within the company.

Moreover, since participation in these programmes is voluntary, supervisory support for time off is not always guaranteed. Some employees noted that if their supervisor had not been willing to grant time off for participation in the workshops, they would not be able to avail themselves of the training.

Despite the barriers noted above, the ERIC programme has been seen as such a success in developing essential skills in the workplace that it has been brought to industry sector councils, and is integrated into the curriculum of a local high school English class. The promotion of ERIC and SAM in other sectors had largely been through the efforts of AWES (Alberta Workplace Essential Skills), which will be discussed later in this section. Syncrude owns the copyright for ERIC, and Keyano College delivers the programme and adapts it for different settings.

Finally, it is important to stress that all Syncrude employees must have a high school diploma. Therefore, those employees who participate in the ERIC and SAM programmes are arguably not the "low-qualified" workers that we have seen in other cases in this study. However, the company has recognised that its workforce needs to continue to develop essential skills, and sees these programmes as a way for those they hire to succeed in their jobs.

Suncor Energy Inc. – combining standardised and customised training

In 1967, Suncor Energy Inc. (Suncor) pioneered commercial crude oil production from Canada's Athabasca oil sand in Northern Alberta by producing the first commercial barrel of synthetic crude oil. Suncor is now a major North American energy producer and marketer. The company has four business divisions in Canada and the United States, and has over 4 000 employees. The focus of this case study is Suncor's operations in Fort McMurray, Alberta, where Suncor mines and extracts crude oil from the Athabasca oil sand deposit. Suncor is one of the largest private sector employers in Alberta. The company is also experiencing strong growth as crude oil production is expected to grow well into the next decade. IT's capital spending plan for the next few years is expected to average between CAD 1.5 billion and CAD 1.7 billion; most of this money is to be spent in the Province of Alberta.

ERIC pilot with Suncor Union

In 2003, the union at Suncor invited Keyano College to run a pilot of the ERIC (Effective Reading in Context) workshop for some of its members. ERIC was first offered to CEP Local 707 (the Suncor union) shop stewards and

executive and safety representatives. The cost of this pilot workshop was paid for fully by the union.

Participation in the pilot for was voluntary and there was difficulty at first in getting a sufficient number of volunteers. This was attributed to an aspect heard in the cases described above: there is still a stigma around literacy training.

According to the union president, the reaction by workshop participants has been entirely positive. Participants in the pilot noted they had learned new techniques to gather information more quickly, and several had said it had a positive impact on their work. The president also noted that the union had deliberately chosen union leaders for the pilot, as it might later need this same group to sell the programme if it were initiated on a larger scale.

The cost of the ERIC programme was cited as the key barrier to expanding it further within the union or Suncor in general. Since there is no government funding for delivery of the training, most companies will want to see a strong business case for implementing programmes like ERIC before making the investment.

Aboriginal initiatives at Suncor

Suncor actively recruits Aboriginal people for employment with the company. In 2002, at the company's oil sand operations in Fort McMurray, Aboriginal employees accounted for approximately 10.8% of the workforce, just shy of the target of 12%. This was up sharply from 1997, when Aboriginal employees accounted for only 2.3% of the workforce.

The company also supports Aboriginal business ventures and education. In 2004, Suncor expects to issue contracts to Aboriginal-owned and -operated businesses worth about CAD 50 million. The company invests in Aboriginal education and skills upgrading through scholarships/awards to students who pursue studies relevant to Suncor's operations.

Suncor is also trying to bring awareness of job opportunities in the oil sand to younger Aboriginals. An interesting initiative by the company involves using "ambassadors" as part of its outreach to the local Aboriginal communities. The ambassadors are young Aboriginal Suncor employees who go into local high schools and talk to students about their jobs, how they got to be where they are today, and what skills and education they needed to get there. It is hoped that the ambassadors will encourage the students to graduate from high school if they see the success of fellow Aboriginals and future job possibilities.

It should be noted that this idea of "changing what people see" also figured in the earlier case studies in Yellowknife.

The Shapotowak programme: a local partnership to upgrade the skills of Aboriginal workers

Many companies in the Fort McMurray area – as in the Northwestern Territories – have Aboriginal hiring goals, and programmes in place to help develop the skills of the local Aboriginal workers and communities. The Shapotowak Programme provides an interesting case study of such an initiative.

The company 2000 Plus identified a need to get more of its young Aboriginal employees involved in skilled trades. 2000 Plus is a contractor to Syncrude and is owned by the Mikisew Cree First Nation of Fort Chipewyan, Alberta. It provides Syncrude with casual labour, grounds-keeping services and labour support for its maintenance shutdowns. As noted earlier in the chapter, there is great demand for skilled technical trades personnel in the Wood Buffalo Region (Fort McMurray), and advancement within the local economy requires a solid foundation in basic education and workplace skills.

Shapotowak is a pilot programme set up as a partnership between 2000 Plus, Keyano College, Syncrude Canada Ltd., Alberta Apprenticeship and Industry Training, the Athabasca Tribal Council and the Mikisew Cree First Nation. It is designed to meet the needs of young Aboriginal workers at 2000 Plus who require skills upgrading but cannot afford to quit working full time to attend school. The idea is to allow for both: tuition and other academic expenses are covered by 2000 Plus and the Athabasca Tribal Council. The Council is largely funded by the government of Canada. Most programme classes are scheduled in the evening and delivered at the Keyano College main campus in Fort McMurray. Syncrude allows for up to 60 hours of release time per student (contract employees) to participate in any ERIC or SAM workshops that may occur during a scheduled work shift. According to the chairperson of Aboriginal Education and Upgrading at Keyano College, this flexibility offers learning opportunities to students who might not otherwise be able to pursue additional training, because financial barriers have been eliminated.

When Shapotowak was launched in January 2004, the programme took on twelve students – the maximum number to whom Syncrude felt it could offer release time. These twelve were chosen by 2000 Plus based on their work history, prior education, attitude and career goals. The programme involves two phases, a classroom and hands-on component. The final decision on who participated in Phase I of the pilot was made by management at 2000 Plus. One interviewee suggested that the screening process might be improved in the future by having more stakeholders (including, for example, educators from Keyano College) involved in deciding who will or will not participate.

The company contracted with a psychologist to work with the students to help address any personal or family problems that could impact their success in the pilot. Phase I focused on essential skills upgrading in a structured

classroom setting. It included ERIC and SAM workshops that focus on upgrading literacy and numeracy skills as well as courses on grammar and computer skills. This phase was completed in June 2004. Phase II, still in operation at the time of this writing, focuses on skills required for career path choices, such as preparation to take a high school equivalency exam or trades apprentice exams. The second phase is more job-specific and will also include up to 100 hours of shop time for hands-on learning in specific trades.

Officials at Keyano College indicated that not all twelve students have continued to Phase II of the pilot. Some have left the community or the company; thus only 4 to 8 students are participating in evening classes at Keyano. Despite this attrition, stakeholders at Mikisew Energy Services Group (which owns 2000 Plus) indicate that they see Phase I as a success. Another interviewee noted that this is the first time that Syncrude has given release time to contractors for training, and that this is likely a key factor in the early success of the pilot.

In light of the generally positive results from Phase I, the company hopes eventually to expand the programme to all 2000 Plus employees (approximately 90 full-time employees). Only when the entire pilot is complete can a full assessment be undertaken, and keys to success or lessons learned determined. Other oil companies as well as other industries in the Fort McMurray area are closely watching to see how successful this pilot is as a way of reaching their own Aboriginal hiring goals.

The Alberta Workforce Essential Skills Steering Committee (AWES): the example of a sectoral labour market intermediary

The Alberta Workforce Essential Skills (AWES) Steering Committee is a non-profit group focused on "promoting the advantages of a confident, innovative, and literate workforce" in the province of Alberta. The Committee has a mandate to facilitate training projects and raise awareness of the importance of essential skills training for workers.

The Committee, whose members include employers, labour organisations and government, provides an example of strategic partnering to promote essential skills training.

The skills that AWES promotes are the same nine essential skills identified by Human Resources and Skills Development Canada (HRSD), noted earlier in this chapter: reading text, oral communication, document use, working with others, writing, numeracy (math), continuous learning, thinking skills and computer use.

AWES takes a sectoral rather than company-by-company approach. The Committee has successfully worked with a number of sectors in Alberta in promoting essential skills, including oil and gas (as noted earlier in the

Syncrude case study), construction, food processing and forestry, and is currently completing work with the tourism sector. The goal is to put essential skills on these sectors' respective agendas. For example, AWES and Keyano College developed customised versions of ERIC and SAM for the construction industry when that industry discovered a gap between the reading and math skills of workers and what it required.

In using a sector approach, the Committee hopes to promote essential skills across an entire industry rather than just a single company, and so to bring greater resources to the table. AWES has elected to work with these particular sectors because they have experienced growth and skill shortages. At the same time, business leaders and labour in these sectors have shown a strong interest in learning more about the impact of essential skills on productivity and performance.

The AWES Committee also supports essential skills practitioner training and development. This includes providing opportunities for professional development, access to essential skills resources and tools, and exposure to new research or projects on essential skills.

As a result of some AWES projects, materials have been developed that support improving and enhancing the literacy of workers. According to several stakeholders interviewed in this study, AWES has been a real catalyst for essential skills development in the province of Alberta. AWES Committee members interviewed note that as long as essential skills are needed, the Committee will be needed.

Funding for AWES projects has largely come from proposals submitted to the National Literacy Secretariat[17] and the government of Alberta (though Alberta Learning[18]). Funding is project-specific and has also come from other federal departments as well as other provincial government departments in Alberta.

Having representation from labour, business and government on the AWES Committee is seen as fundamental to the success the Committee's initiatives. Some unions have even gone so far as to send their own trainers to be trained by AWES practitioners on essential skills projects and programmes. According to one of the Committee members, having a variety of players at the table ensures that "we are all working toward a common goal".

Like many of the case studies noted earlier in this chapter, the AWES Committee is seen as successful because of those who champion and believe strongly in the importance of essential skills in the workplace.

Essential skills in the Canadian trucking industry

Essential skills are also being introduced in the training standards and programmes set up by Canadian human resource sector councils. In Canada,

each business sector has a bi-partite council dedicated to human resource development that is funded by the federal government. this section examines how the trucking sector council has been promoting essential skills in the trucking industry in Canada. It also presents information on skills upgrading initiatives in a trucking company in Alberta.

The Canadian trucking industry employs over 500 000 people and contributes approximately CAD 42 billion to the Canadian economy. Established in 1994, the Canadian Trucking Human Resources Council (CTHRC) is a private, independent, non-profit corporation that plays a national leadership role in co-ordinating human resources research and development in the Canadian trucking industry. The mission of the CTHRC is "to assist the Canadian Trucking Industry to recruit, train and retain the employees needed to meet current and long term requirements". The CTHRC is fully funded by the federal government.

In September 2004, the CTHRC launched the *Essential Skills Toolkit* – a suite of assessment and upgrading resources developed as part of its National Essential Skills Strategy. The toolkit is comprised of a number of resources to help promote these skills within the trucking industry:

Essential Skills Profiles: The CTHRC has completed occupational analyses for four occupations (Professional Driver, Dispatcher, Professional Driver Trainer, and Transportation Safety Professional) and developed custom essential skills profiles for these positions. The profiles are based on the nine Essential Skills identified by Human Resources and Skills Development Canada noted earlier in this chapter.

TOWES Test (Test of Workplace Essential Skills): The CTHRC has developed a customised version of TOWES for use by the trucking industry, which focuses on testing the essential skills of reading text, document use and numeracy skills.

There is no funding available by the CTHRC for customised development for organisations that may wish to develop enterprise-specific profiles, as seen in several of the previous case studies in this chapter. One stakeholder noted that at least one trucking company did hire their own consultant to develop their own customised profiles specific to their organisation.

The TOWES-PD pilot

The CTHRC conducted a pilot project with the Canadian Petroleum Products Institute (CPPI) to look at the relationship between essential skills and driver safety among drivers used by CPPI members. The CPPI is an association of Canadian companies involved in the refining, distribution and/or marketing of petroleum products. This partnership benefited both organisations – CTHRC was interested in further promoting essential skills in the trucking industry,

and CPPI had a desire to see an increase in safety and decrease in injuries in their sector.

During the summer of 2003, 231 CPPI certified drivers in Alberta participated in the Test of Workplace Essential Skills for Professional Drivers – TOWES-PD. The pilot looked at the relationship between the safety records of these pilot study drivers and their respective TOWES test scores[19] on three essential skills: reading text, document use and numeracy. Findings from the pilot test analyses found that drivers with higher scores on the three essential skills were less likely to have had accidents or safety incidents.

Standards were also set for CPPI drivers on the three essential skills tested. The results found that 50% of drivers were below the benchmark for reading text, 41% were below the benchmark for numeracy, and 95% of drivers did not meet the benchmark for document use. According to stakeholders interviewed, this last result was particularly surprising given that the trucking industry is very document-driven. Document use among drivers who transport hazardous materials is particularly intense for safety reasons, and drivers are continuously using and completing documents (*e.g.* delivery forms, inventory forms). The results of the pilot have the industry rethinking its training protocols and how it designs workplace documents. They will help to identify and respond to other learning needs among CPPI and CTHRC drivers.

The CTHRC does suggest caution regarding the use of pilot test scores to predict future accidents. That is to say, low essential skills test scores do not necessarily predict that an accident is more likely. The Council also does not recommend that TOWES-PD test scores be used for selection or screening purposes; rather, they should be used to assist in determining training needs.

This pilot was funded entirely by federal government through CTHRC and in-kind involvement by the CPPI trucking companies, which granted paid release time for their drivers to participate. The TOWES-PD is important because it quantitatively measures the link between essential skills and safety. The CTHRC can use these results to further promote the importance of essential skills within the trucking sector.

Westcan Bulk Transport Limited: Implementing the TOWES-PD pilot

Westcan Bulk Transport Limited (Westcan) is a trucking company headquartered in Edmonton, Alberta. The company has approximately 600 employees and specialises in hauling liquid and dry bulk commodities in western Canada. Approximately 60 to 70 of Westcan's fuel drivers were part of the CTHRC TOWES-PD pilot. An interview with the manager of Training and Human Resources at Westcan focused on the company's experience in participation in the TOWES-PD pilot.

The TOWES-PD pilot was mandatory for the hazardous materials drivers at Westcan, and the company did acknowledge that there was some resistance by them. The company sought to address this resistance by developing an information package. A privacy policy was put in place to ensure all drivers that their individual test scores would not be available to Westcan; the CTHRC would only provide aggregate scores to Westcan (and other participating companies). If the company wanted an individual's test score for safety reasons, they would have to write the CTHRC and explain their request. The CTHRC would then write the individual asking their permission to release their scores. Westcan has not requested the test scores for any of their drivers. Perhaps most importantly, drivers were assured that no one would lose their jobs as a result of their test scores.

A stakeholder noted that Westcan's manager of training and human resources strongly championed the use of essential skills in the trucking sector and recognised the importance of the TOWES-PD pilot. As seen in several other case studies, a champion of essential skills has been found to be an important determinant in the implementation of these initiatives.

One of the lessons learned by Westcan from the TOWES-PD pilot related to having the TOWES tests conducted as a group. Unlike the other cases in this chapter where TOWES tests are generally conducted one-on-one with an adult educator or trained consultant (either of which must be a certified essential skills evaluator), participants in the pilot were tested as a group in a classroom setting. This was done for economic reasons, as there were so many individuals to be tested at once. By having the tests conducted in a large group there could be fewer certified essential skills evaluators present and employees could return to work sooner (since they were there on paid company time).

However, during the pilot some workers were clearly having trouble with basic literacy, as they were quite slow to complete the tests compared to some of their co-workers. The management of the company stated that in any future tests it would try to segment workers by their estimated literacy levels, based on the company's history with the employee and general knowledge from working with them.

The CTHRC has identified two key strategies it will follow based on the results of the TOWES-PD pilot. One is to focus on programmes and initiatives to upgrade the skill levels of drivers who most need upgrading. This will be accomplished through the development of new curricula and training programmes focusing on the essential skills most in need of improvement that can be offered to CTHRC members. A second strategy will be to develop customised literature/documents for the trucking industry that better suit the actual literacy level of workers in the sector.

Lessons learned

The initiatives in the case studies presented in this chapter are somewhat diverse, and the local labour markets in the regions studied are arguably each unique. Nevertheless, a number of lessons and keys to success emerge from examination of these initiatives.

Partnering

Partnerships and collaboration were key factors in the development and implementation of many of the skills upgrading initiatives. In fact the term "partnership" was mentioned in virtually all the stakeholder meetings and follow-up interviews. No one organisation has developed skills upgrading programmes in isolation; they have all deliberately reached out to other stakeholders to develop programmes or tools that address their needs.

Especially in evidence was a strong collaboration between employers and colleges in developing programmes or skills assessment tools. The examples in this study of such collaboration to meet a local business need are contrary to some other research findings. An OECD publication suggests that "colleges are often unaware of business needs and do not tailor the training courses according to local employer demand" and that this is often due to a lack of resources that would allow training providers to take a more holistic approach (OECD, 2002, pp. 29-30). Organisations like the Alberta Workforce Essential Skills (AWES) Committee are helpful in this regard, as they aim to "educate the educators" about essential skills and help provide them with training opportunities.

Competing employers have even begun to partner with each other to address a common business need. For example, some of the diamond companies in Yellowknife (including Diavik and BHP Billiton) are working with the government of the Northwest Territories to obtain funding to do more essential skills profiles for jobs within their organisations that they need to fill. As with their current essential skills tools, they can then map a training plan for the workers in these positions to meet their business needs.

In several interviews it was noted that the employers, educators, communities and students are all partners in their respective skills upgrading programmes. Each makes a valuable contribution to the programme's development and continued success.

Funding

The majority of essential skills initiatives and programmes implemented in the private companies presented in this chapter were funded entirely by the companies themselves. As has been noted, these are all large companies and therefore arguably can afford the costs. For example, development and

operation of the Workplace Learning Centre at Diavik, the Workplace Learning Programme at BHP Billiton, and the ERIC and SAM programmes at Syncrude were all paid for by these respective organisations.

The federal government has contributed funding to the development of several of the essential skills tools noted in this chapter, namely the essential skills profiles and the assessment tool TOWES (Test of Workplace Essential Skills). As discussed in this chapter, some organisations have themselves paid for customised essential skills profiles and TOWES tests to suit their specific occupations.

However, there is also currently no direct financial support from government for organisations to develop customised essential skills profiles and customised assessment tests (TOWES tests).[20] Thus it may be difficult for smaller organisations to develop tools to meet their specific workplace training needs.

Customisation and flexibility

Assessment tools, based on a matrix of levels of essential skills by occupation, have been useful in identifying skill gaps and developing skill upgrading programmes tailored to the needs of the workplace. Employers have cited the importance of having training that is highly customised to address both their needs and employees' skill gaps.

At both diamond mines, customised essential skills profiles were developed for specific jobs within these organisations; customised assessment tests (TOWES tests) were also then developed for these company-specific profiles. This allows for assessments to be made of the gap between a worker's skills and what is needed to be safe and productive in the job. A customised training plan then can be made for the individual employee.

Likewise, many of the skills upgrading programmes discussed in this chapter are deliberately designed to be flexible and customisable. For example, the ERIC and SAM programmes developed at Syncrude are successful because they are content-specific and can be adapted to different settings (organisations and industries) and adjusted to the skills levels of each group of students. As noted by one stakeholder, "the content may change, but not the programme".

Time to train

Paid work-release time to train was found to be crucial in the success of many of the cases noted above. Although the companies were generally very supportive in granting work-release time, it should be noted that none of the companies had a formal policy to allow for release time. Also, as several stakeholders noted, there is a constant reminder that these are in fact business

operations and the companies' role is not to be educators: business and safety needs must come first. Granting paid work-release time could pose a problem in small- to medium-sized enterprises, as they may not be able to afford having workers on training if this would slow down production or business.

Learning environment

While time off from work to train is crucial for the programmes noted above, the location of the training is also an important factor in programme design.

At Syncrude, the ERIC and SAM classes are deliberately offered away from the mine site, in a college classroom setting at the Keyano College campus in Fort McMurray. This choice was made to help ensure the confidentiality of students in the programme, and those students interviewed all agreed that having the courses offsite in a neutral location was preferable. Keyano College does recognise that the formal classroom setting might be intimidating for some adult learners; an orientation session on the college campus is therefore part of the course curriculum for ERIC and SAM. This may help offset any uneasiness that the adult learners have about returning to a classroom environment.

In Yellowknife, training programmes are designed to take account of the fact that many students have been through the traditional classroom environment and failed, or in some cases have never been in a formal classroom setting. Therefore skills upgrading programmes offered at Aurora College and through Diavik's community-based training programmes use a mix of classroom and hands-on training. It is recognised that classroom training alone is not an effective method for low-skilled students. They also need to have hands-on experience to see how their learning can be applied directly to their lives and in their work.

The cases in Yellowknife are also unique in terms of the local learning provided in many of the remote Aboriginal communities. The ability of workers to continue their learning while home on their two weeks off is seen as key to their successful skills upgrading.

Relevance of the training to the workplace

The difficulties faced by many low-skilled workers (who sometimes alternate between low-paid jobs and unemployment) may reflect a failure of the secondary schools to adequately prepare young people not academically oriented for participation in the labour force. The relevance of the training and the selection of materials used in class curriculum are thus very important. The programmes presented in this chapter are designed to make learning as relevant as possible by using authentic workplace documents for training purposes.

Marketing skills upgrading

Take-up of the skills upgrading programmes has been enhanced by having employees who are former participants act as ambassadors to market the initiatives. The companies have deliberately chosen a low-key approach to promote their respective skills upgrading programmes and have relied on employee testimonials as a key marketing tool. In this sense, the students are seen as "partners" in promotional efforts.

It is interesting to note that some employees who had participated in their organisation's skills upgrading programmes felt the company should now be more aggressive in marketing them – especially to new employees who can often be overwhelmed by the information when first starting, and who may not be aware these programmes are available. Some suggested that word-of-mouth advertising might not be as effective with a company with several thousand employees, and that customised marketing programmes targeting specific employee groups might increase employee take-up (or at least awareness) of the programmes.

Proponents within the management ranks and support for these activities from top-level management in the companies have also played an important role in sustaining/building skills upgrading. Arguably, trade unions could play a role in helping to promote essential skills within an organisation or an industry by providing information on essential skills programmes to union members. Unions have played a role in promoting essential skills in the province of Alberta through the AWES Steering Committee.

Community capacity building

Community capacity building was an important component in the case studies in Yellowknife. These companies have had to build the workforce they require to operate their mines, taking into account their social obligations in terms of Aboriginal hiring requirements. In the case of Diavik's five participation agreements with local Aboriginal groups, this has also meant the company has had to provide skills upgrading and training to local communities. That involves not only teaching basic literacy skills but also basic workplace skills. The skills these local residents learn can later benefit Diavik should they become an employee at their mine.

The two case studies in Yellowknife are also noteworthy in that these organisations had to custom-build the programmes they needed for their unique labour markets and workforce. As noted earlier, workplace literacy programmes are not very common, but the reality of the literacy levels of the Aboriginal workforce at both diamond mines meant these companies both had to build a skills upgrading system that would meet their particular needs.

Essentially they created onsite adult learning centres. As one manager aptly noted, "You need to look outside the box. This is not standard training".

Role of government

Federal and provincial or territorial governments have played roles in the development of many of the essential skills initiatives in the case studies described above. They have had little involvement in directly funding the delivery of the skills upgrading measures presented here except for some initiatives designed specifically for Aboriginal Canadians (*e.g.* the Shapotowak programme). However, governments have had an impact through their regulatory functions and through the development of tools tailored for use by the companies studied.

For example, the Government of the Northwest Territories (GNWT) has committed itself to ensuring that its residents will benefit from exploration and the mining of diamonds through the socioeconomic agreements it has signed with the diamond companies currently operating in the Northwest Territories. These contractual agreements have meant that many residents of the NWT will receive employment and business opportunities. These companies have had to focus on upgrading the essential skills of their workforce and local communities to meet their hiring quotas of Aboriginals and "northerners". Thus they have largely had to build the skilled workforce they need to meet their business needs as well as their hiring requirements.

The federal government has also played a role through its development of the "essential skills" framework and funding the development of the profiles and generic assessment tools for essential skills (TOWES).

Adult educators

The adult educators are also a key factor. Students of skills upgrading programmes often attributed much of their success in the courses to the strong commitment of the instructors and their passion for teaching. The adult educators working in the companies are also very dedicated to their students and strongly believe in skills upgrading. The ability of the adult educators to work one-on-one with students and help them develop customised training plans is often cited as a key reason for success.

This study did not examine the selection or hiring practices of the adult educators within the colleges and organisations. However, feedback from various stakeholders suggests that the adult educators clearly have a great impact on the outcomes of their students. An organisation like the AWES Committee can play an important role in keeping adult trainers and educators informed of the latest research and tools to promote essential skills.

Measuring success

Although the case studies provide some anecdotal and qualitative evidence of success, there has been little effort to systematically measure outcomes (such as employment, wages and health) over time. The skills upgrading initiatives in several of the case studies were relatively new and no formal assessment had yet been performed.

Until organisations can better demonstrate the impact of skills upgrading initiatives on issues such as productivity, safety and the bottom line, these initiatives might not be taken seriously in other sectors or businesses. Given that many stakeholders noted the need to constantly show the added value of their programmes to maintain credibility, more efforts to actively measure outcomes of skills upgrading initiatives clearly must be undertaken.

The Canadian Trucking Human Resource Council (CTHRC) TOWES-PD pilot study provides one of the few concrete examples of an attempt to quantitatively measure the link between essential skills and safety performance. This information will be used by the Council to help further promote essential skills to its members and to develop training curricula that address areas identified as needing improvement.

Perhaps not all positive outcomes of these skills upgrading initiatives can be quantified. Many students noted that they gained confidence and pride from participation in these programmes. Clearly, these effects cannot be measured in any simple way.

Employee take-up of skills upgrading opportunities

In the case studies presented above, only a relatively small percentage of workers actually participated in these skills upgrading programmes although they are generally available to all employees. This does not necessarily imply low interest. Rather, these initiatives may have a low employee take-up because not all employees need basic skills upgrading. In some cases, however, there was evidence of a lack of awareness of the programmes.

The reliance on one-on-one sessions with adult educators and customised training strategies for individual learners (employees) may in fact limit the number of students who can participate in a programme at a given time (as has been seen at BHP Billiton). Once employee participation reaches a certain point, many of these companies may need to look at increasing the number of adult educators working in their programmes. This of course would require additional financial resources.

Low employee participation in these programmes may also reflect the fact that for many there is still a stigma associated with literacy and numeracy training. The organisations studied made a deliberate effort to ensure that

their respective programmes were not seen as "literacy" or "numeracy" programmes *per se,* to avoid any negative connotation.

Reaching small business

Given the fixed costs involved in many of the case studies presented in this chapter, it would be more difficult for SMEs to participate in these initiatives. Many small organisations would likely not have the time or resources to develop skills upgrading assessment tools or programmes for their workforce. Sector councils and organisations like AWES can, by pooling resources, play a role (and have done so in Canada) in mitigating these problems.

Most small and medium-sized businesses are often unable to afford the direct cost of delivering the training (*i.e.* the costs of the adult educators). Given how important the adult trainers are seen as being here, this will likely be a major issue in implementing skills upgrading initiatives in such organisations.

Conclusions

This chapter has presented case studies of unique partnerships between employers, training providers, governments and other key players in developing and promoting skills upgrading tools and programmes. The focus of these studies has been geared at upgrading the skills of incumbent workers within large companies and on special initiatives for Aboriginal Canadians.

These case studies have shown the value of flexible and customisable skills assessment tools and programmes that can be tailored to the specific needs of the individual worker and his or her organisation. The essential skills framework has been an important innovation underlying the development of these tools in the companies studied. In particular, it has brought a focus on linking skill assessments and training programmes to materials derived from real workplace contexts. Customisation of the basic framework has allowed these organisations to assess the gap between a worker's skill level and what is needed for a specific job. It has also allowed for skills upgrading to be tailored to the needs of both employer and employee, so that what is learned is immediately applicable to the job. From interviews with managers and workers, it is evident that this aspect of the skills upgrading initiatives has been paramount to the degree of success that they have had so far.

Although few efforts have been made to systematically measure the impact of these skill upgrading programmes, feedback from programme participants, company managers and adult educators strongly point to improvement in employee skill levels. The programmes are still relatively new for many of these organisations and most plan to more formally assess their initiatives in the future. The lack of specific measures should not discourage

future programme development, but rather should be something incorporated into future programme design and assessment.

It is in any case clear that more research is needed on measuring the impact of essential skills initiatives in an organisation. More quantitative research is also needed on the scope of skills upgrading initiatives in Canada, particularly with regard to SMEs. While there are data available on training activities in general (and on delivery models such as on-the-job or classroom training), data are lacking on the incidence of skills upgrading initiatives for low-skilled workers, or the extent to which the essential skills framework is used in Canada.

Despite the unique characteristics of the cases presented above, they offer valuable insight into grassroots efforts to develop essential skill assessment tools and upgrading programmes by organisations to meet a real business need for a productive and safe workforce.[21]

Notes

1. The authors would like to thank Mr. Erik de Vries of Human Resources and Skills Development Canada (HRSDC) for his permission to use the text of the background report in this chapter and acknowledge the assistance of Caithlin McArton and Awo Nuuh of HRSDC in developing the background report with Mr. De Vries.
2. Aboriginal people (Aboriginals) are the descendants of the original inhabitants of North America. The Canadian Constitution recognises three groups of Aboriginal people – Indians, Métis people and Inuits. These are three separate peoples with unique heritages, languages, cultural practices and spiritual beliefs. This definition is taken from the Department of Indian and Northern Affairs document *Treaties with Aboriginal People in Canada,* found at *www.ainc-inac.gc.ca/pr/info/is30_e.pdf*.
3. In the following section, post-secondary education is divided into three distinct categories. Vocational or trades training is offered at community and private colleges, and includes vocational and pre-vocational training, apprenticeship programmes, and skills upgrading programmes. College education is acquired through community colleges, CEGEPs (Collège d'enseignement général et professionnel) in Quebec, technical institutes, regional and hospital nursing schools, and specialised training institutions. In Canada, high schools offer a wide variety of vocational courses for new entrants, academic courses for students preparing for universities (especially in provinces like Quebec, Alberta and British Columbia), shorter vocational courses for upgrade training, courses for employees of specific firms, adult education, basic skills education, and sometimes short-term labour market programmes. University education includes university degrees at undergraduate and graduate levels, and post-graduate certificates.
4. Graduation rates are calculated by dividing the number of graduates in a given type of programme by the population at typical graduation age for that programme; the ages used for this calculation in Canada are: secondary – 18 (except Quebec, where it is 17); college – 21; undergraduate university – 22; master's – 24; doctorate – 27 (Statistics Canada and CMEC, 2003, pp. 200-201).

5. Adult Education is adapted to the Canadian context using the definition employed by UNESCO. This definition includes all formal education for adults, which supplements, replaces or enhances their initial cycle of education. It includes persons 17 years of age and older but excludes those students involved in their initial cycle of formal education. It thus excludes all full-time students enrolled in a post-secondary programme between the ages of 17 and 24, as well as students aged 17 to 19 enrolled in a full-time, non-employer-sponsored elementary or secondary programme (HRDC and Statistics Canada 2001, pp. 7-8). Unfortunately, neither of the two surveys from which the information in this section is drawn – the Adult Education and Training Survey (AETS) or the Workplace and Employee Survey (WES) – covers the three Canadian territories.
6. In the section that follows, a course is understood to be any formal learning episode to develop knowledge or skills, while a programme is a selection of courses leading to a degree, diploma or certificate.
7. The composition of immigrants to Canada by source country has changed substantially over the past 20 years. Until 1981, most immigrants to Canada were of European origin. However, since 1991 the majority of immigrants have been from Asia, and the transferability of foreign credentials continues to be a hurdle for many of these people.
8. Bow Valley College is a post-secondary education institution that has been providing adult education since 1965. The College serves 11 000 learners annually in Calgary and at other campuses in Alberta, with a focus on workforce preparation and workforce development. The College was one of the first institutions in Canada to embrace the concept of Workplace Essential Skills, and has been a partner in the development of TOWES (the Test of Workplace Essential Skills).
9. Human Resources Development Canada (HRDC) is now split into two departments: Human Resources and Skills Development Canada (HRSDC) and Social Development Canada (SDC). The Essential Skills project is currently housed in the former.
10. It should be noted that the skills upgrading initiatives developed by the Province of Alberta and the Northwest Territories are not the focus of the regional case studies presented in this chapter. These provincial/territorial initiatives are presented as context for the reader.
11. The main sources used for the following data are the Census 2001 from Statistics Canada and the 1999 Labour Force Survey conducted by the Northwest Territories Bureau of Statistics.
12. The term "adult educators" generally refers to educators or trainers who specialise in working with adult students (or learners)in a school or workplace setting. Adult educators typically have a university degree in education, human resources, or any one of a variety of other areas that qualify them as subject matter experts. Some colleges may require that their adult educators have a certificate in adult education programmes.
13. Data are for Census Division No. 16, an area of about 97 000 square kilometres in northeastern Alberta surrounding the city of Fort McMurray.
14. Quotation drawn from presentation by representative from Keyano College to OECD Canadian study group in Fort McMurray, Alberta, 13 May 2004.
15. Originally the programme was titled WIN – Working in Numeracy – but the name was changed in 2003.

16. The amount was not made available to the authors.

17. The National Literacy Secretariat (NLS) is a federal government department that works to promote literacy as an essential component of a learning society, and to make Canada's social, economic and political life more accessible to people with weak literacy skills. It works in partnership with the provinces and territories, other government departments, business and labour, the voluntary sector and non-governmental organisations to build capacity for literacy opportunities across Canada. Since 1988, the NLS has funded over 5 000 innovative projects in order to meet these objectives. See *www.nald.ca/nls/aboutnls/about.htm*.

18. Alberta Learning is a department of the government of Alberta that has a mandate to provide Albertans with access to quality lifelong learning opportunities. See *www.learning.gov.ab.ca/default.asp*.

19. CPPI maintains a database on driver safety performance, which was cross-referenced with driver TOWES test scores by a third-party essential skills consultant for CTHRC.

20. BHP Billiton and Diavik are currently seeking funding from the government of the Northwest Territories to conduct more custom essential skills profiles for occupations within their organisations (as noted earlier in the chapter).

21. The authors would like to thank the individuals and organisations presented in this chapter for their participation in and valuable contribution to this study.

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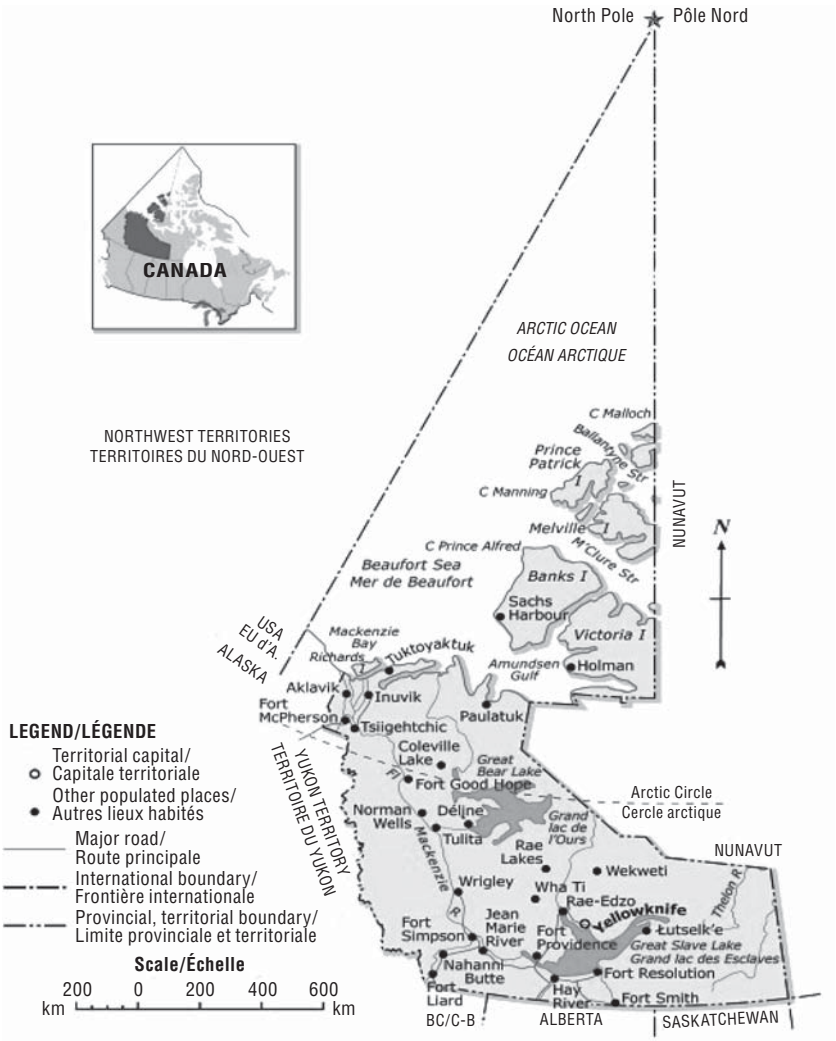
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ANNEX 7.A1

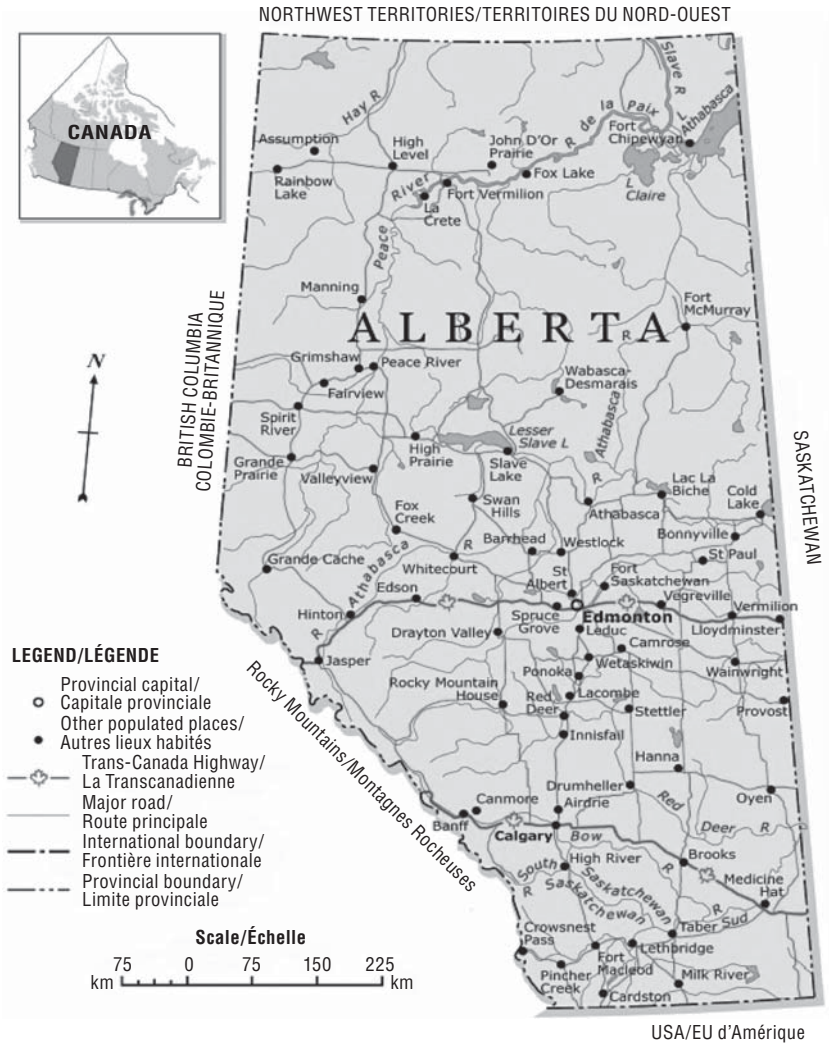
Map of Northwest Territories



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ANNEX 7.A2

Map of Alberta



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These maps were taken from The Atlas of Canada:. *http://atlas.gc.ca/site/english/index.html*.

ANNEX 7.A3

Web Site Information on Organisations and Government Agencies Included in this Study

- Alberta Human Resources and Employment – *www3.gov.ab.ca/hre/*.
- Alberta Workplace Essential Skills (AWES) – *www.nald.ca/AWES/*.
- Aurora College – *www.auroracollege.nt.ca*.
- BHP Billiton Diamonds Inc. – *www.bhpbilliton.com*.
- Bow Valley College – *www.bowvalleyc.ab.ca*.
- Canadian Trucking Human Resources Council – *www.cthrc.com*.
- Diavik Diamond Mines Inc. – *www.diavik.ca*.
- Government of the Northwest Territories – Education, Culture, and Employment – *www.ece.gov.nt.ca/*.
- Human Resources and Skills Development Canada – Essential Skills and Workplace Literacy Initiative – *www15.hrdc-drhc.gc.ca/*.
- Keyano College – *www.keyano.ca*.
- Suncor Energy Inc. – *www.suncor.com*.
- Syncrude Canada Ltd. – *www.syncrude.com*.
- TOWES – *www.towes.com*.
- Westcan Bulk Transport Limited – *www.westcanbulktransport.com*.

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