



Getting Skills Right

Making adult learning work in social partnership

Table of Contents

Introduction	2
How involved are social partners in the adult learning system?	4
Action 1 : Anticipate training needs together	5
Action 2 : Establish joint priorities in adult learning strategies.....	7
Action 3 : Negotiate collective agreements for adult learning	9
Action 4 : Promote a positive learning culture	11
Action 5 : Consider employer levies to finance adult learning	13
Action 6 : Use the capacity of all partners to deliver training	15
Action 7 : Make quality assurance a joint responsibility	17
Further reading	19

Foreword

Globalisation, technological progress and demographic change are having a profound impact on the world of work. These mega-trends are affecting the number and quality of jobs that are available, how they are carried out and the skills that workers will need in the future to succeed in the labour market. Although the timing and the speed of these developments differ across countries, it is expected that skill needs will continue to change, possibly at an accelerated pace, in the coming decades affecting advanced, emerging and developing countries alike.

In this context, responsive adult learning programmes will have a more important role to play in enabling individuals to continuously upskill and reskill in order to stay employed and/or find new jobs. With the workplace being of central importance to much adult education and training, the social partners have a key role to play in getting our adult learning systems ready for the future. A strong working relationship between employer organisations and trade unions on issues of adult learning policy is essential, because they both hold vital information on what training needs are, what priorities should be set and how best to deliver the relevant training. In turn, their involvement may facilitate the buy-in of individual employees and employers.

This booklet highlights seven action points on how to involve social partners to make adult learning work for the future. It provides practical insights for stakeholders who are directly involved in the design, implementation and monitoring of adult learning policies, including policy-makers and social partners. Each action point draws on research evidence and provides insights on how to translate it into practice by highlighting promising policies in OECD and emerging countries.

The document is part of a series of publications on the functioning, effectiveness and resilience of adult learning systems in the context of a changing world of work. It accompanies the OECD report on [Getting Skills Right: Future-ready Adult Learning Systems](#), which includes the OECD Priorities for Adult Learning dashboard (www.oecd.org/employment/skills-and-work/adult-learning/dashboard.htm) and a cross-country analysis of the readiness of adult learning systems to address future skill challenges.

The OECD and JPMorgan Chase Foundation have joined efforts to support policy makers, firms and individuals to make the most of ongoing changes through adult learning. Together we can truly contribute to 'getting skills right' and create more responsive training systems and inclusive labour markets for the world of tomorrow.

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Introduction

Megatrends are changing the world of work

Technological change, globalisation and population ageing are affecting how we work, what we do and what jobs are available to us. We can also expect that climate change, global warming and the transition towards a low-carbon economy will have an impact on the world of work. OECD research finds that 46% of workers are at risk of either losing their job or seeing it change significantly because of automation over the next two decades (Nedelkoska and Quintini, 2018). In advanced economies, workers will likely need more complex skillsets for jobs that focus on combinations of tasks that cannot be offshored or automated easily. They will also retire later than previous generations.

At the same time, new organisational business models have led to the emergence of new forms of work, such as independent food delivery drivers who receive their orders via an online platform. These new forms of work deviate from the standard permanent, full-time and dependent employment that are a reference for our social security systems. This has sparked a debate about access to training programmes, social protection and collective bargaining for workers in new forms of work.

For individuals, firms and economies to benefit from these changes, we need well-functioning adult learning systems that prepare us for the new world of work. Adult learning makes workers adaptable and allows them to keep abreast with the skill needs of the labour market. In turn, a skilled workforce enables firms to develop and introduce new technologies and work practices, therewith boosting productivity and growth in the economy.

Adult learning systems are often inadequately prepared for these changes

Yet, many adult learning systems are poorly prepared for the challenges ahead (OECD, 2019b). Currently, only two in five adults (41%) participate in learning in any given year, according to data from the OECD Survey of Adult Skills (PIAAC). A further 11% would like to participate in adult learning, but do not for a range of reasons. However, around half of all adults (48%) have no interest in participating in adult learning. We must engage more adults in upskilling and reskilling to prepare for the changes ahead.

Further, most adult learning systems are not very inclusive. There are large differences in participation in adult learning depending on someone's socio-economic background, employment, contract status and qualification level. For example, only 20% of adults with low skill levels participate in learning, while 37% of those with medium skill levels and 58% of those with high skill levels do. To get future-ready, we must engage all adults, especially those with low skills or qualifications. More information on this can be found in the brochure 'Getting Skills Right: Engaging low-skilled adults in learning' (OECD, 2019a).

Finally yet importantly, adult learning systems need to become better at taking into account the changing skill needs of the labour market. OECD analysis shows that workers with a significant risk of job automation are less likely to participate in adult learning than those with lower risks of

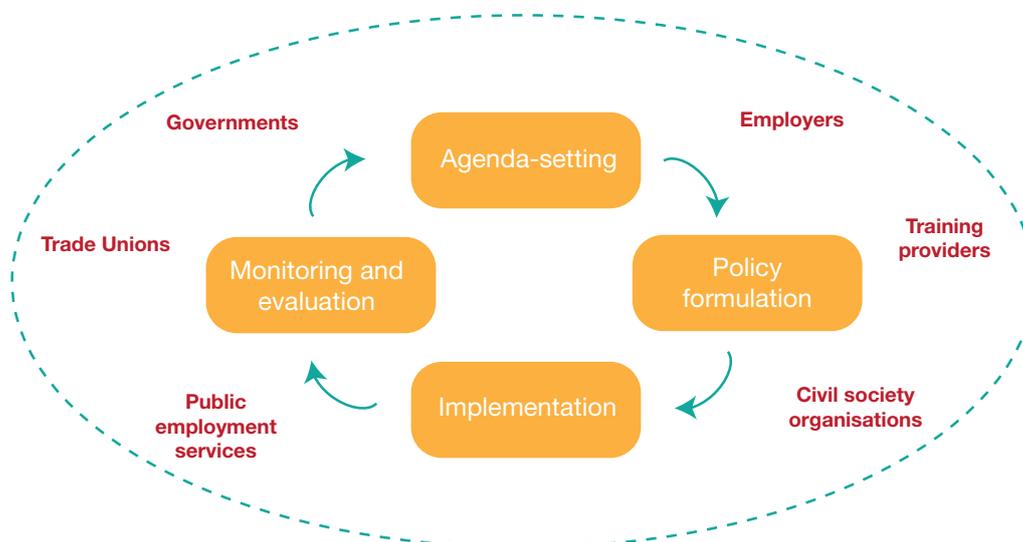
job automation (OECD, 2019b). The same holds for workers in occupations that are in surplus in the labour market. This is worrying, as it implies that adult learning systems currently do not reach those workers who are most in need of upskilling and reskilling. In many places, the adult learning offered is slow to adapt to current and future skill needs in the labour market. To get future-ready, we must anticipate skill needs and use this knowledge in the design of adult learning policy. Consult the brochure 'Getting Skills Right: Creating responsive Adult Learning Systems' for further information on this topic (OECD, 2019c)

Social partnership can help adult learning systems get future-ready

Most adult learning takes place at work. With the workplace being of central importance to adult education and training, social partnership has a key role to play in getting our adult learning systems ready for the future. Under social partnership, we understand a working relationship between trade unions and employers with the aim of improving the prosperity of the company and its employees. Involving employers as well as trade unions in shaping adult learning policies is essential, because they both hold vital information on what training needs are, where priorities should be set and how best to deliver training accordingly. This, in turn, may enhance successful implementation of policies through increased acceptance by employees and employers. Hence, bringing in the voices of social partners can help strengthen the adaptability of workers and the adult learning system in general (OECD, forthcoming b).

The involvement of employers and worker representatives is relevant at all stages of the policy cycle and at multiple levels (the national, regional as well as the firm level). This includes social partners' input to identifying problems that require attention ('Agenda-setting') and the development of policies to address these ('Policy formulation'). It further includes the implementation of policies, e.g. through the running of own training programmes ('Implementation'), and finally involvement in quality assurance of adult learning ('Monitoring and evaluation'). Throughout, social partners work alongside other actors such as different levels of government, training providers, public employment services, as well as civil society organisations.

The adult learning policy cycle



About this booklet

This booklet highlights where and how social partners can be involved in making adult learning work. It gives a brief overview of the involvement of social partners in adult learning systems in OECD countries, and highlights seven areas of action structured along three key themes:

- Setting the agenda and formulating policies in cooperation: Action points 1-3,
- Getting everyone involved in implementation: Action points 4-6,
- Monitoring quality together: Action point 7.

How involved are social partners in the adult learning system?

The involvement of social partners in the adult learning system varies strongly across countries. While in some countries social partners are heavily involved in the definition and management of the training system, they have a limited consultative role in others.

An example of a country with strong social partner involvement is Iceland, where employers and trade unions jointly define and manage the training system through the *Education and Training Centre (Fræðslumiðstöð atvinnulífsins)*. Since 2003, social partners jointly own and manage the centre together with the Ministry of Finance and the Association of Local Authorities in Iceland. The centre identifies training needs, develops training programmes and curricula, develops and monitors the validation of non-formal and informal learning, supervises career guidance, develops quality assurance measures and collects data on the target group. It also administers the *Education Fund (Fræðslusjóð)*, which is financed through a levy paid by employers. In other countries social partners have a more limited role in running the training system. They may be consulted on different issues of adult learning policy for example, but are generally not involved in a coordinated fashion.

The table below summarises the involvement of social partners in the governance of the education and training systems of their respective countries. While countries are classified into four broad categories, it is important to keep in mind that the degree of involvement is indeed a continuum.

Social partner involvement in governance of education and training systems

	Country	
The social partners define and manage the training system	Austria Denmark Germany	Iceland Italy Netherlands
The social partners contribute to the definition of the training system	Belgium Canada (AB) Canada (BC) Finland France ¹ Japan ² Luxembourg	Mexico Norway Poland Slovenia Switzerland Turkey
The social partners have a consulting role	Canada (QC) Czech Republic Estonia Greece Ireland Israel Latvia	Lithuania New Zealand Portugal Slovak Republic Spain Sweden ³
Other	Australia Hungary	United Kingdom United States

Note: AB: Alberta; BC: British Columbia; QC: Québec. Social partners play no role in the governance of education and training systems in Chile and Korea. No information for Colombia. 1) The social partners define and manage the training system at the sectoral-level, contribute to the definition of the training system at national/cross-sectoral level and have a consulting role at company-level, sectoral-level and national/cross-sectoral level., 2) The social partners contribute to the definition of public training systems through the Labour policy board., 3) For Sweden, this refers to social partners' role in the public-education system only.

Source: OECD Policy Questionnaire: Towards resilient and inclusive collective bargaining systems (OECD, 2016, 2018), and OECD Policy Questionnaire: Readiness of Adult Learning Systems to Address Changing Skills Needs (2018).



Action 1 : Anticipate training needs together

Why is this important?

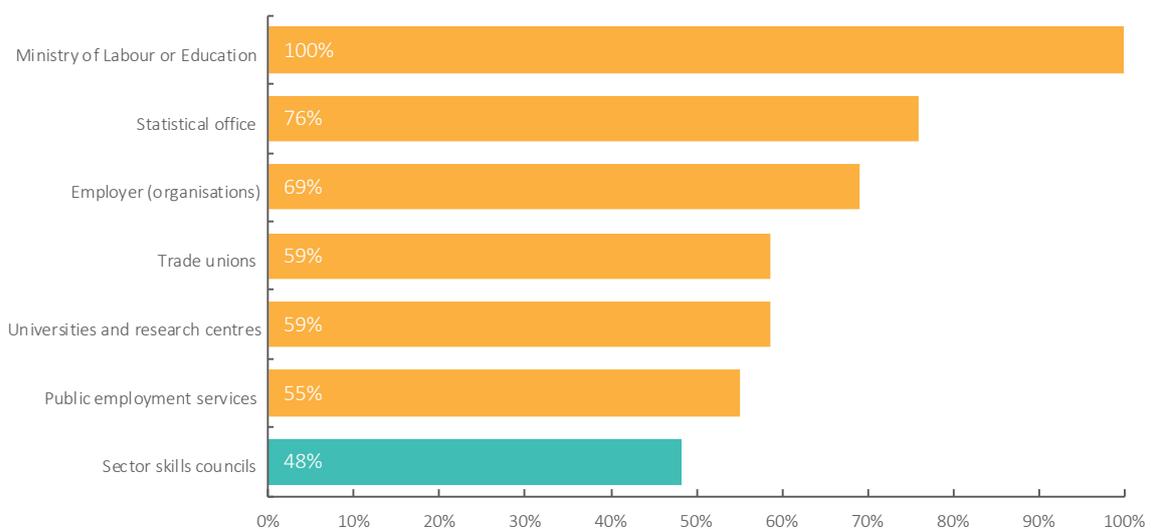
One of the key functions of job-related adult learning is to make sure that people have the skills that are needed in the labour market. Having these skills helps individuals find and keep employment and progress in their career. It also supports employers in developing their business and improves the overall functioning of the labour market. However, identifying who needs what kind of training is a challenge. It is difficult to predict what skills will be in demand in the future, and it is hard to establish which of these skills individuals already possess.

Social partners have key knowledge on these matters: employers have an idea about what skills they need in order to develop their business and trade unions have information about the skills and training needs of their members. *Skills councils*, also known as *sectoral councils* or *sector skills councils* make use of the valuable information both actors hold. They bring together social partners to anticipate changing skill needs, and discuss what adult learning is needed to address those needs (OECD, 2016).

Did You Know ?

In most countries, social partners are involved in exercises to identify which skills are needed in the current labour market and moving forward. According to OECD research, employers and employer organisations are involved in these exercises in 69% of the countries, and trade unions in 59% of the countries. Almost half of the countries have skills councils that conduct skills assessment and anticipation exercises.

Actors involved in skills assessment and anticipation exercises



Note: % of OECD countries (excluding GBR, ISL, ISR, LTU, LUX, LVA, MEX, NZL).

Source: Questionnaire on Anticipating and Responding to Changing Skill Needs: Ministry of Labour and Ministry of Education questionnaires (OECD, 2016).

What can we do?

Skills councils anticipate skill needs across and within sectors, and translate their sector-specific knowledge into recommendations for education and training. There are choices to make when setting up skills councils, including which and how many stakeholders should be represented, its legal status, budget allocation, exact tasks and outputs, frequency of meetings and modus of operation. See how others implement this in practice:

- Some skills councils include education and training providers. For example, the EU-funded *Sector Skills Alliances* (SSAs, replacing the former European Sector Skills Councils) include equal numbers of representatives from industry and education providers. The transnational nature of the alliances is unique: each SSA must include members from 4 to 12 European countries (European Commission, 2017). The *Skills Alliance for Sustainable Agriculture* (SAGRI), for example, is a collaboration between universities, vocational education and training (VET) providers and end user associations in Greece, Italy and Portugal, as well as a training and personnel certification institute from Switzerland. SAGRI analyses skill needs for agricultural workers, and develops, assesses and accredits training programmes in the field of agro-environmental technology that contribute to sustainable agriculture (SAGRI, n.d.).
- Some countries facilitate learning across their sector skills councils. In Canada, *The Alliance of Sector Councils* (TASC) provides a forum for cooperation and learning for all Sector Councils (SCs). At the federal and provincial level, SCs cooperate closely to minimize any duplication of functions, often through cross-representation on boards and advisory structures. SCs' activities include conducting research, developing occupational standards, implementing certification programs, developing training and education (strategies), sponsoring internships, and sharing labour market information. Although many SCs encourage small and medium enterprises (SMEs') participation, they are generally underrepresented on their boards. Moreover, there are concerns about the lack of representation of non-union workers and that larger firms tend to send representatives with little decision-making power (European Commission, 2009; Human Resources and Skills Development Canada, 2010).
- Not all skills councils rely on public funding. The French Occupation and Skills Observatories (Observatoires Prospectifs des Métiers et des Qualifications: OPMQ) tend to be jointly funded by employers' organisations and trade unions. This allows for flexibility with respect to their legal status, composition and funding, depending on sectoral needs. Despite this flexibility their outputs and activities are similar across skills councils, such as mapping or listing occupations, conducting surveys and analyses on skills management, training and recruitment needs, and creating certification schemes. Their outputs lead to recommendations and the development of actions and tools for use by firms and workers. On the downside, OPMQs often lack visibility and resources to fulfil their tasks: in 2012, half of the OPMQs had an annual budget of less than EUR 50 000 and employed only one person (and not always full-time) (d'Agostino, A., Delanoë, 2012).

Three key insights from existing practice:

- ⇒ *Consider encouraging dialogue between stakeholders on the skill needs in the labour market, notably through skill councils.*
- ⇒ *Find ways to increase the representation of SMEs and non-union workers in these structures.*
- ⇒ *Facilitate exchange between different skills councils to support learning on transversal issues and make the skills councils more effective.*





Action 2 :

Establish joint priorities in adult learning strategies

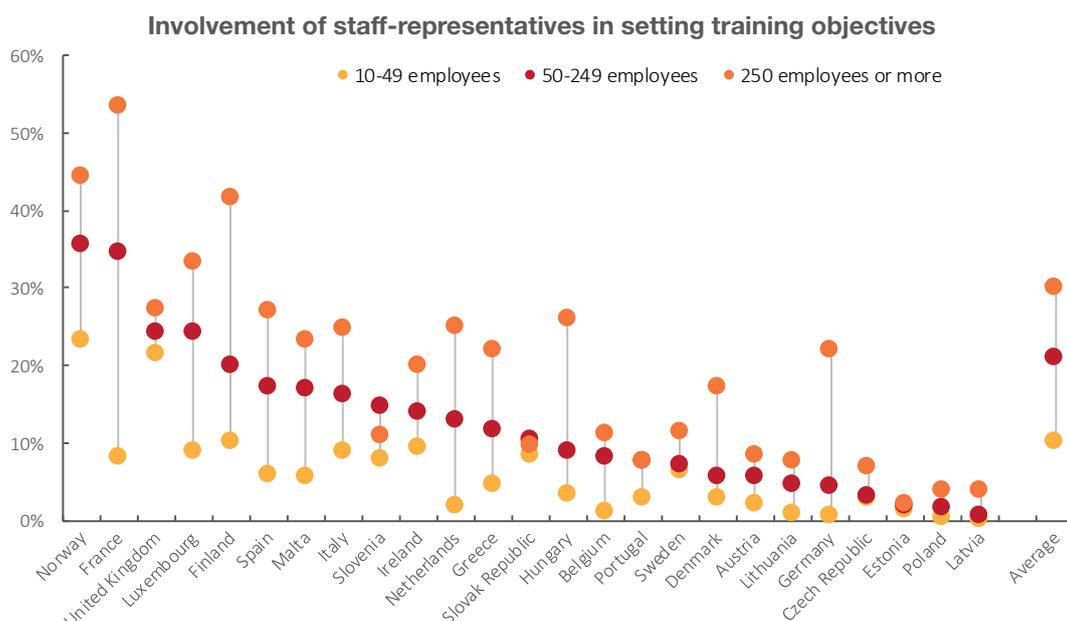
Why is this important?

Adult learning encompasses as many varied learning opportunities as no other area of education. It includes provision as diverse as literacy courses for adults who are struggling to read or write; second-chance education courses for people who dropped-out of school before getting a qualification; work-based training for workers who need to get to know new technology; and short specialised courses to help unemployed people back into employment.

Consequently, the many actors involved in adult learning typically do not perceive themselves as being part of a cohesive 'adult learning system'. Rather, they are part of fragmented subsystems, each with their own objectives, target groups, financing mechanisms and governance structures (Desjardins, 2017). Adult learning strategies can provide an overarching framework for all actors. To ensure everyone's buy-in, the strategies must be developed jointly by key actors of the adult learning system.

Did You Know ?

Joint priorities for adult learning can be established at company level, for example through involving staff representatives in setting the objectives of training. Data from the European Continuing Vocational Training Survey (CVTS) show that the involvement of staff representatives on this topic is generally highest in Finland, France, Luxembourg, Norway and the United Kingdom and smallest in Poland and Latvia. Moreover, larger companies involve staff representatives more often in setting training objectives than SMEs, although the dispersion varies across countries. In France, 54% of large companies involve staff representatives and 8% of small companies do. In the United Kingdom, on the other hand, the dispersion is much smaller (27% of large companies, compared to 22% of small companies).



Note: % of all enterprises of that size; sorted by share of companies with 50-249 employees.
Source: Eurostat CVTS data (2015).

What can we do?

If the development of adult learning strategies is to be a truly joint effort, asking social partners to comment on a strategy developed by government is not enough. Key stakeholders need to be more actively involved to achieve true ownership. See how others implement this in practice:

- A wide range of stakeholders jointly developed the *Norwegian Strategy for Skills Policy 2017-2020*. The 'Strategy partners' include five different ministries, the Sami parliament, the Norwegian Association of Local and Regional Authorities, three employer associations, four trade union associations and one organisation representing civil society. The inclusive approach taken to the development of the strategy was based on the research finding that the coordination between stakeholders in the area of skills ought to be improved (OECD, 2014). An explicit aim of the development process was that strategy partners not solely provided inputs, but that the strategy was truly developed in partnership. The strategy sets out priorities in three areas: i) informed choices for the individual and society; ii) promoting learning in the workplace and effective use of skills, iii) enhance skills among adults with weak labour market attachment. A *Skills Policy Council* composed of the strategy partners monitors the implementation of the strategy (Ministry of Education and Research, 2017).
- Some processes for developing adult learning strategies build on earlier cooperation between stakeholders. In 2013/2014, the Estonian Ministry of Education and Research, the Estonian Education Forum and the Estonian Cooperation Assembly (including representatives from trade unions, employer organisations and civil society) developed the *Estonian lifelong learning strategy*. The involved stakeholders had cooperated previously in the development of the Estonian education strategy 2012-2020. The strategy sets five strategic goals for lifelong learning: i) change towards an individual approach to learning; ii) competent and motivated teachers and school leadership; iii) alignment of learning opportunities with labour market needs; iv) digital focus in lifelong learning; v) equal opportunities and increased participation. To monitor the implementation of the strategy, quantitative key indicators were set and an implementation plan was developed (Ministry of Education and Research, 2014).
- Strategies can also be drawn-up by social partners at the sectoral level. In the Netherlands, employer organisations and trade unions jointly develop *sector plans (sectorplannen)*. Some involve additional stakeholders such as education providers and local authorities. The plans set out measures that aim to improve the functioning of the labour market in the short and medium term. Measures generally fall into six areas: i) transition support for individuals who want to switch jobs; ii) wage subsidies to promote the inclusion of young people and vulnerable groups in the labour market; iii) education and training; iv) knowledge transfer from the older to the younger generation; v) health at work measures and vi) improving the evidence base. Since 11 April 2013, sector plans have been part of a Social Agreement, which aims to make the Dutch labour market resilient to the challenges of the future. The government co-finances the implementation of the plans with EUR 600 million (OECD, 2017).

Three key insights from existing practice:

- ⇒ Consider all key actors in adult learning when developing strategies.
- ⇒ Create processes for collaboration that allow for the joint development of the strategy, rather than relying on consultation only.
- ⇒ Build on existing cooperation between stakeholders to improve efficiency.





Action 3 : Negotiate collective agreements for adult learning

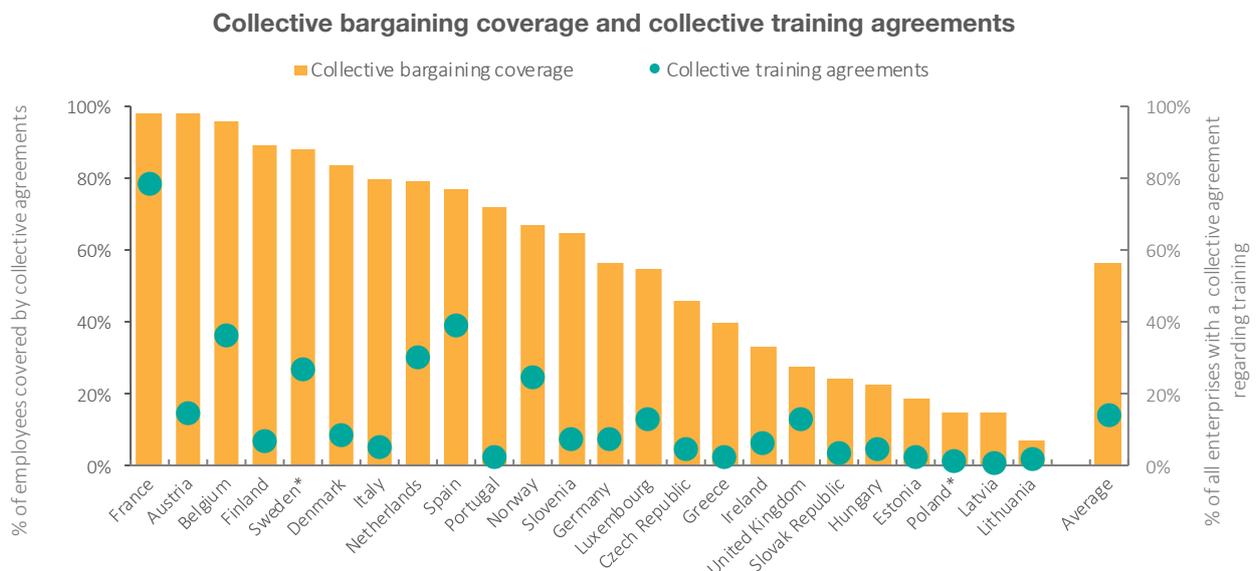
Why is this important?

With the increasing importance of adult learning, the importance of explicitly including training and lifelong learning in collective agreements increases as well. Indeed, in many OECD countries, collective agreements have started addressing issues related to the future of work and their implications for the organisation of work as well as the quality of the working environment (OECD, forthcoming b).

Making long-term commitments and agreements with respect to adult learning can increase each partner's ownership in providing adult learning opportunities. Moreover, agreements on training rights and duties send a strong message about the value of lifelong learning. This can motivate people to seek training actively. *Collective agreements* in the area of adult learning can be a good way to ensure that employer (organisations) and trade unions constructively work together on this topic.

Did You Know ?

The share of workers covered by collective bargaining varies strongly between countries. Moreover, not every country with high coverage has collective agreements that cover training. In Austria, for example, close to all wage earners with the right to bargaining are covered by collective agreements (98%), yet only 15% of firms are covered by agreements that concern training. By contrast, collective bargaining coverage is equally high in France (98%), and four in five firms (79%) have agreements that cover training.



Note: Data refer to 2015 or closest year. "Collective bargaining coverage" refers to the ratio of employees covered by collective agreements, divided by all wage earners with right to bargaining. "Collective training agreements" refers to the percentage of all enterprises that indicate that, at the time of the survey, collective agreements between social partners concluded at national, regional or sectoral level usually cover the provision of continuous vocational training in their enterprise (excl. agreements concluded at the enterprise level). * Data for Sweden and Poland refer to 2010 for the data on collective training agreements, and 2011 for the data on collective bargaining coverage.
Source: Eurostat CVTS data (2010, 2015), OECD.stat Collective bargaining coverage.

What can we do?

Collective agreements between employers and unions govern the pay and working conditions of one-in-three workers in the OECD (OECD, 2018). However, the share of employees covered by collective agreements is declining in many OECD countries. Collective agreements with respect to adult learning primarily determine training leave arrangements, employment protection during or after training, and training rights and duties for personal or public health and safety reasons (OECD, 2018). See how others implement this in practice:

- In October 2017, the Danish Confederation of Trade Unions, the Confederation of Danish Employers and the Danish government concluded a *tripartite agreement on adult and continuing training for the period 2018-2021*. It includes a wide variety of initiatives and over 80 commitments, such as the creation of funds for employees to undertake training on their own initiative; awareness raising activities; courses to improve basic literacy and numeracy skills; skill recognition and improved training advice and guidance. The agreement was positively received by social partners and most political parties, leading to optimism about future tripartite agreements (Eurofound, 2018).
- Collective agreements may require mutual concessions. In 2016, after a long-standing dispute, the four-year collective agreement for the Italian metalworkers industry (*CCNL Metalmeccanici*) was renewed for the years 2016-2019. Unions and employers agreed on a new right to training, in exchange for a very limited wage increase. On top of the already existing right for employees to request up to 150 hours of training per person over three years, employers now have to provide a training budget of up to EUR 300 per employee and 24 (additional) hours of paid leave for vocational training. The new training rights only apply to permanent workers in companies covered by the agreement. Unfortunately, the agreement has largely failed to materialise to date as companies and local unions struggle with its implementation (OECD, forthcoming b).
- Collective agreements can cover individuals in non-standard forms of work who often have limited access to training opportunities. In 2009, employers' association Swissstaffing and four trade unions in Switzerland signed the *Collective Bargaining Agreement Staff Leasing* for temporary agency workers, which became applicable to all employer organisations in 2012. Over 300 000 people are subject to the agreement, making it the largest collective bargaining agreement in Switzerland. By contributing 1% of the wage bill to the further education fund Temptraining, all lease workers can ask for a contribution to participate in further vocational training (Tempservice, 2016). Available courses recognised by Temptraining vary from work safety courses to job-specific training and language courses (for migrants), which are provided by education and training institutions. The collective agreement has recently been renewed for the period 2019-2020.

Three key insights from existing practice:

- ⇒ Consider making use of collective agreements to regulate aspects of adult education and training policy.
- ⇒ Look at expanding training rights made in existing agreements when they are renewed.
- ⇒ Ensure that all workers, including those with non-standard forms of employment, benefit from training provisions established in collective agreements.





Action 4 : Promote a positive learning culture

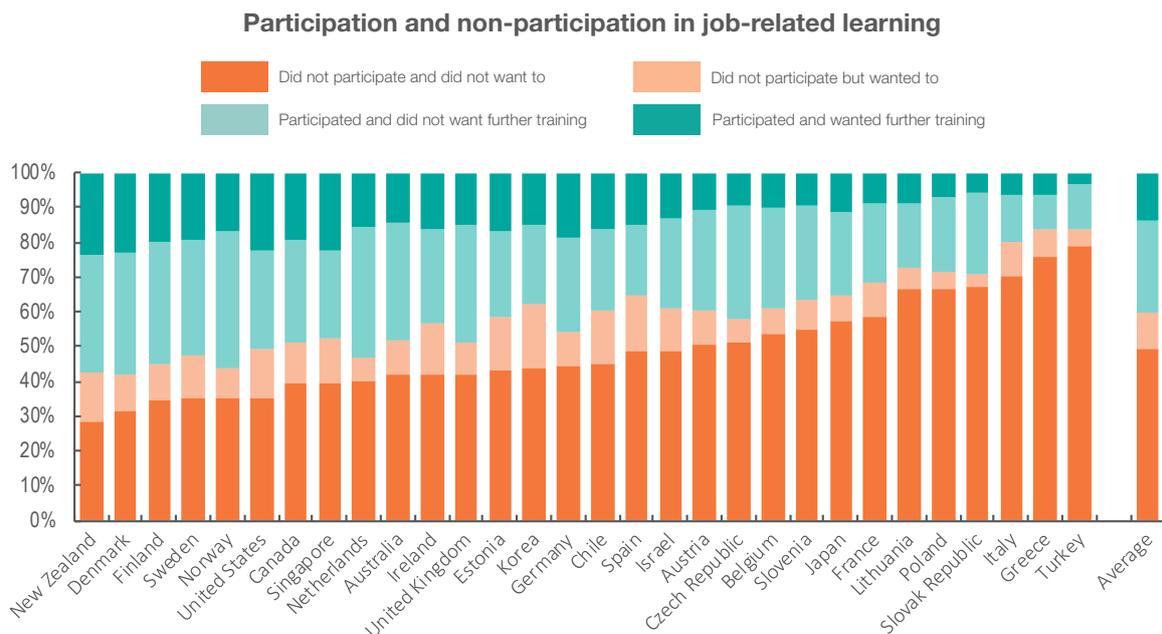
Why is this important?

Addressing tomorrow's skill challenges will likely mean that many more adults need to take part in education and training than today. Yet, one in two adults do not participate in training and do not want to participate, according to PIAAC data. By contrast, one in ten adults do not participate in training even though they would like to. The reasons behind non-participation are different for everyone. Some adults do not consider training, because they think it is unfeasible for them to participate, be this for financial, time or family-related reasons or because they feel they lack the prerequisites or support from their employer. Others have no interest in participation, because they feel that their initial education has equipped them with the skills they need for the rest of their career, because they do not know which training to follow, or because they are afraid that participating may suggest that they are under-qualified for their job.

To get future-ready we must see learning as a continuous and lifelong development process. Social partners, through their close contact with workers and firms, are key to cultivating a new learning culture in our workplaces and societies more widely.

Did You Know ?

Adults' participation in job-related learning activities varies significantly across OECD countries. While 70-80% of adults in Italy, Greece and Turkey do not participate in adult learning and indicate that they also do not want to participate in any learning activities, this percentage is much smaller (less than 40%) in Scandinavian countries and New Zealand. Moreover, in countries where training participation is relatively high, many adults who participate in training indicate that they actually want to participate in even more learning than they already do.



Note: The average refers to the unweighted average of OECD countries participating in PIAAC; formal and non-formal job-related education and training. Source: PIAAC data (2012, 2015).

What can we do?

Fostering a learning culture in the workplace is not an easy task. Attitudes and habits around learning are often deeply engrained and need whole-company support to induce positive change. See how others implement this in practice:

- Learning from each other is one of the key elements of *Google's* learning culture. At Google, 80% of trainings are run through an employee-to-employee network called "*g2g*" (*Googler-to-Googler*). Over 6 000 employees, known as "g2g-ers", voluntarily dedicate a portion of their time to help their peers learn. Learning opportunities are provided in different ways, such as through courses, mentoring or digital services. They cover both general professional skills, such as negotiating and leadership skills, and technical skills, such as sales training and Python coding. According to Google, the programme has helped upskilling large numbers of employees on new technologies. For example, when smartphones and mobile computing became popular, thousands of Googlers took part in an Android training boot camp run by the Google developers of Android. In addition to peer-learning activities, Google uses professional external and internal trainers to teach some courses, namely very specialized courses or training for executives. Google highlights that the success of their g2g programme is due to the voluntary participation of employees and a culture that values learning. Learning has become part of how employees work together, rather than being imposed by the human resource services (re:Work, 2018; Kessler, 2013).
- In some countries, employers can receive government support that helps them build a positive learning culture. This is especially relevant for small and medium enterprises. Finland's *Joint Purchase Training (Yhteishankintakoulutus)* supports employers who want to retrain existing staff or set-up training programmes for newly recruited staff. Offered by the Public Employment Services (PES), it helps employers define their training needs, to select the appropriate candidates for training and find an education provider to deliver the tailored training. The PES also part-finances the training (OECD, 2017; Eurofound, n.d.).
- Training advocates for learning is the key approach of *Unionlearn* in the United Kingdom. Unionlearn supports trade unions to help workers acquire skills and qualifications to improve their employability. One of its key activities is the training of Union Learning Representatives (ULRs), who encourage the take-up of learning in the work place, help workers identify training needs and arrange learning opportunities within their companies. Since its inception in 2006, Unionlearn has trained more than 40 000 ULRs. It provides learning opportunities to about 250 000 workers per year, including disproportionately high numbers of workers with no or low qualifications (Stuart et al., 2016). Unionlearn also manages Union Learning Fund (ULF) projects that are run by individual unions to promote the take-up of learning and skills in the workplace and government provides funding for both the ULF and Unionlearn.

Three key insights from existing practice:

- ⇒ *Support peer-learning activities by giving people time to teach and participate.*
- ⇒ *Identify and train individuals who can promote a learning culture in companies.*
- ⇒ *Create incentives for learning, including through linking it to the performance management system.*





Action 5 :

Consider employer levies to finance adult learning

Why is this important?

Employers benefit from job-related learning activities, because they increase productivity and employee retention, and they can improve engagement as well as management-worker interactions (OECD/ILO, 2017). Yet, some employers are reluctant to invest in training out of concern that they might not see any return on their investment, e.g. when workers change jobs. Other reasons for low training investments may be a lack of information, capacity and/or resources. This is especially true for small and medium-sized enterprises.

To incentivise training investment, many countries use training levies. These not only ensure that employers pay their fair share for adult learning, but the financial contribution can also encourage employers to put greater emphasis on upgrading the skills of their workforce and make them more competitive (Dar, Canagarajah and Murphy, 2003). Moreover, the levies can be used to redistribute money from firms who train very little to firms who spend most on training. Nevertheless, the effectiveness of levies depends on their design and the feasibility and desirability of implementing them must be carefully evaluated.

Did You Know ?

The three major types of training levy schemes are i) revenue-generating schemes, also called revenue-raising schemes, ii) levy-grant schemes, also known as levy-rebate schemes, and iii) levy-exemption or train-or-pay schemes. However, in practice, countries often have hybrid schemes.

- **Revenue-generating schemes.** Firms are taxed to generate revenues for publicly provided training, such as vocational schools. This type of training levies therefore do very little to incentivise employers to provide additional training. Small firms are usually exempt from paying this tax.
- **Levy-grant schemes.** Levies are collected by training funds that focus on certain types of skills. Firms can “earn back” their levy contributions by providing training that meets the funds’ criteria. The grant can sometimes even be larger than the levy paid. This creates an incentive for employers to provide training in pre-decided areas and skills. However, the disadvantage of this scheme is the high administrative costs for the firms, especially smaller ones.
- **Levy-exemption schemes.** Firms can either deduct all training costs from their training levy obligations (also known as the cost-reimbursement scheme), or they can reduce their taxes by the amount spent on allowable training activities. This scheme has a lower administrative burden than the levy-grant scheme, but it assumes that firms know what their (and society’s) training needs are. Moreover, it may subsidize training that employers would also have provided without the levy-exemption.

Although firms are the ones who pay the training levies, the real financial burden may fall on the employees, through lower net-of-tax wages. Who “really” pays for the training depends on how likely firms and workers are to adjust their behaviour based on changing training costs, and the bargaining power of different stakeholders such as trade unions.

Source: OECD, (2017); Dar, Canagarajah and Murphy, (2003).

What can we do?

There are three types of training levies, each with their specific pros and cons. Implementing a levy scheme requires decisions regarding the size of the levy, exemptions and sectoral coverage. Moreover, decisions need to be made about who manages the training funds. See how others implement the different types of levy schemes in practice:

- Brazil's *S-system (Sistema-S)* is a classic example of a revenue-generating scheme. Training provided through S-system is financed through 1-2.5% levies on enterprise payroll, which are collected through the social security system. The Ministry of Labour of Brazil sets the labour training policy, which is carried out by training institutions, all of whom have a title which starts with an "S" (hence the S-system). The main sectors that are covered are industry and telecommunications (SENAI), commerce (SENAC) and transport (SENAT). Moreover, there are specific institutes focussing on training for entrepreneurs and SMEs (SEBRAE, financed through several other funds), and for rural areas and social inclusion by providing literacy programmes (SENAR) (OECD, 2006). Although this system encourages striving for long-term objectives, the downside is that it discourages employer investments in on-the-job learning activities.
- Some levy-grant schemes are managed in social partner collaboration, such as the *intersectoral training funds (fondi interprofessionali)* in Italy. These funds are financed through employer contributions, equal to 0.3% of the wage bill, which covers the costs of local, sectoral, company and individual training plans. Since the early 2000s, employers' organisations and trade unions can decide to set up joint funds that manage the spending of training levies in the industrial, agricultural, services or artisanal production sector. Employers who want to run training projects must apply to the relevant training fund, where a technical team evaluates the application, including whether it takes into consideration the priorities established by the fund. Nowadays, the funds play a major role in the national continuing training system, and it has become possible to use the funds for fixed-term and temporary workers as well as apprentices (OECD, forthcoming a).
- Levy-grant schemes allow employers to make choices in what kind of training they invest. An example is the South African *Skills Development Levy (SDL)*. The South African Revenue Service (SARS) collects 1% of payroll from employers in skill levies, of which they allocate 69.5% to Sector Education and Training Authorities (SETAs) to finance training. Small employers are exempted. Employers can claim back (part of) their levy contribution from the relevant SETAs when they assess skill needs and provide training opportunities. SETAs are tripartite bodies that can assist employers in identifying skill and training needs, and monitoring the quality of training (SARS, 2018).

Three key insights from existing practice:

- ⇒ *Involve social partners in managing the funds generated through levies.*
- ⇒ *Find ways to fund training for individuals in non-standard forms of work through levies.*
- ⇒ *Make the levy contribution depend on firm size, in order to stimulate training provision in SMEs.*





Action 6 :

Use the capacity of all partners to deliver training

Why is this important?

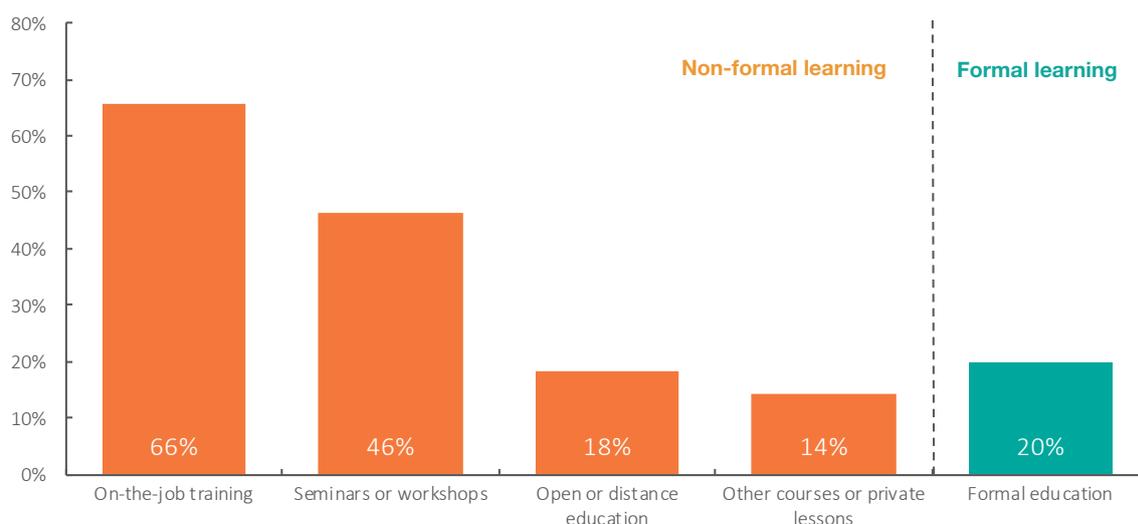
The changing world of work increases the need to upskill and reskill the labour force. This means that we need to increase our efforts to include those who currently train the least. According to PIAAC data, the majority of adults (59%) did not participate in any job-related learning activity in the past year. Activating these adults to participate in learning means that we will need to provide many more training opportunities in the future.

Upscaling provision will require us to draw on the strengths of all actors. We will need to make greater use of the capacity of trade unions and employers to develop and deliver training. Employers on the one side are best placed to deliver training, as they understand the skills that are needed in the labour market to stay productive and competitive. Trade unions on the other hand, understand employees' longer-term needs and are best positioned to develop and deliver training that also includes transferable skills.

Did You Know ?

Most adult learning takes place in the workplace, rather than in a classroom. Only one in five (20%) of those who participate in a job-related learning activity follow training in an educational institution to obtain a nationally recognised certificate (formal education), while far more take part in non-formal learning opportunities. Two-thirds (66%) of job-related learners participate in on-the-job learning activities to help them do their job better or introduce them to new tasks. Furthermore, 46% of learners attend seminars or workshops, 18% follow open or distance education, and 14% participate in other non-formal learning activities.

Participation in different types of job-related learning activities



Note: Unweighted average of OECD countries participating in PIAAC. Totals do not sum to 100 percent because individuals can participate in multiple types of adult learning activities; % of those who participated in different types of job-related learning activities.
Source: PIAAC data (2012,2015).

What can we do?

Employers and trade unions provide training to adults in many ways. We know that where employers and/or unions work together, they can decrease the financial and administrative burden, and thereby increase the capacity to deliver training to all. See how others implement this in practice:

- *Skillnet Ireland* is an example of enterprises joining forces to deliver adult learning. It is based on the premise that groups of employers in the same sector or region have similar training needs and can promote and facilitate workplace training together. Skillnet is funded through training levies, and governed by a board consisting of employer and employee representatives and the Irish Department of Education and Skills. Skillnet expanded in 2010 to provide training for jobseekers as well. It currently consists of 66 learning networks, which include over 15 000 companies, most of which (94%) are SMEs in the agricultural or services sector. In 2017, over EUR 30.2 million were invested in 6 000 upskilling and training programmes for almost 50 000 people (Skillnet Ireland, 2017).
- Companies within a supply chain depend on each other's performance, which is why large companies have an incentive to be engaged in the skills development of the (smaller) companies in their supply chain. In Korea, large companies and SMEs that are part of the supply chain as suppliers and contractors, jointly develop and provide training through the *HRD Ability Magnified Programme (CHAMP)*. Financed by the Ministry of Employment and Labour, CHAMP is a leading vocational education and training programme in Korea, with 161 training centres in 2015. It has been recognized as one of the key policy measures that address skills mismatches in the local labour market (OECD/ILO, 2017).
- An example of unions joining forces to provide training that is not only job-related but also provides general skills, is the *School of Tourism and Hospitality (Escola de Turismo e Hotelaria - Canto Da Ilha)* in Brazil. It is run by the three largest union federations (Smith, 2014; CUT, n.d.). Its training programmes focus on skills for jobs in the sector, for example on cutting techniques or planning menus. It also provides courses on general knowledge and skills, such as on gender issues, ethnic-racial and generational relations, computers, digital technologies, and Spanish language courses. Training is accessible for employed as well as unemployed adults (Escola de Turismo e Hotelaria - Canto da ilha, n.d.).

Three key insights from existing practice:

- ⇒ Draw on social partner capacity to ensure training provision for all, including non-union members, workers in SMEs and the unemployed.
- ⇒ Encourage and fund sectoral employer partnerships to develop and deliver training.
- ⇒ Stimulate training collaboration between companies in the same supply-chain and among trade unions.





Action 7 :

Make quality assurance a joint responsibility

Why is this important?

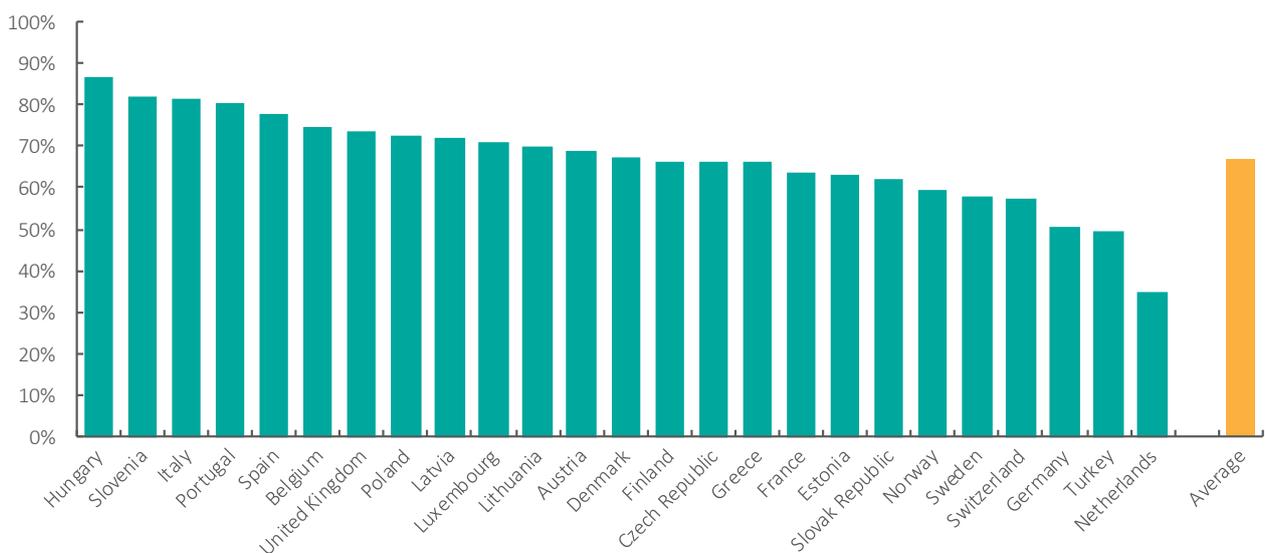
We know from PIAAC data that most adults learn to advance their career. More than 50% of adults who took part in job-related training, did so to do their job better, to improve their possibilities of getting a job or to reduce the risk of losing their job. Yet, not all training helps them achieve this goal. Data from a different survey, the European Adult Education Survey (AES), shows that one in three adults who participate in training do not think it helped them achieve positive employment outcomes.

Information on the outcomes of training participation is one important indicator of the quality of training. Yet, at a programme or provider level, such information is scarce. We must strengthen our efforts to collect such information to ensure the quality of adult education and training effectively. Social partners have a key role to play in this context, as discussions about quality always contain value judgements about what adult learning is trying to achieve. Including social partners in this process ensures that their views are appropriately represented.

Did You Know ?

The self-reported usefulness of participation in training varies between countries. In Hungary (87%), Slovenia (82%) and Italy (82%) more than four in five learners report positive outcomes. In the Netherlands (35%) and Turkey (49%), less than half of learners state that they have experienced positive employment outcomes following training participation. It is important to note that these data both reflect the effectiveness of training and labour market conditions and other contextual factors.

Experience of positive employment outcomes following training



Note: Refers to non-formal job-related learning only, positive employment outcomes are defined as getting a (new) job, higher salary/wages, promotion in the job, new task, better performance in the present job; % of participants.
Source: Eurostat AES data (2016).

What can we do?

Social partners can be involved in quality assurance at different levels, be this through providing oversight on boards of education providers, being part of local or sectoral quality assurance bodies or having representation on national agencies responsible for the quality assurance of adult learning. See how others implement this in practice:

- In some countries, social partners have a role in agencies that ensure the quality of (parts of) the adult learning system: the Swedish *National Agency for Higher Vocational Education (Myndigheten för yrkeshögskolan)* ensures the quality of higher vocational education programmes. Both trade unions and employers are represented on the agency's advisory council for labour market issues. The role of the advisory council includes the inspections of providers and programmes, including work-based training elements. The inspections entail observational visits, interviews with students, tutors, teachers and head coordinators. Based on the inspection, as well as an assessments of labour market needs, the council advises the National Agency about which training programmes should receive state grants and be included in the higher vocational education offer (Kuczera, 2013).
- Similarly, social partners in Denmark are involved in the 11 continuing training and education committees, which monitor adult vocational training in different sectors of the labour market. One of the key inputs to the monitoring of programmes and providers is information produced through the system *Vis Kvalitet*. This system collects data from each participant about their satisfaction with the training via a questionnaire, as well as data from a sample of companies whose employees have attended training. Results are used by the committees to identify quality issues and develop remedial action.
- Social partners can also be involved in the certification of adult learning providers: Flanders (Belgium) is currently introducing changes to their accreditation system to guarantee that training corresponds to labour market needs. From September 2019, there will be three accreditation streams for adult learning programmes that benefit from government incentives: i) automatic accreditation for certain (often more general or formal) training programmes, such as the ones provided through adult education centres and higher education institutions; ii) accreditation through social partners (*Paritaire Comités*) for training organised at the sector level; and iii) accreditation by the *Flemish accreditation commission (Vlaamse erkenningscommissie)* for all other training. The accreditation commission consists of social partners.
- Many countries have complex multi-level quality assurance systems, which are supported by social partners. In Germany, certification of trainings in the context of active labour market policies is conducted by *certifying bodies (Zertifizierungsstelle)*. One of the better-known certifying bodies, *CERTQUA*, is run by the leading German employer organisations (German Economic Institute, 2018). Certifying bodies, in turn, need to be accredited by the German Federal Public Employment Agency (Bundesagentur für Arbeit). An advisory council supports the agency in this work. Trade unions and employer organisations are part of the council (Cedefop, 2012). This system does not cover other subsystems of the adult learning system.

Three key insights from existing practice:

- ⇒ *Establish representation of social partners in quality assurance bodies.*
- ⇒ *Link accreditation and the result of inspections to funding decisions.*
- ⇒ *Ensure social partner involvement in quality assurance in all areas of the adult learning system, especially where they are fragmented.*



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