

Turkey' s Lifelong Strategy 2014 – 2018:

Options for financing adult training

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Financing mechanisms (1)

1. Subsidies : efficiency depends on the targeted groups; highly efficient

Example: the training cheques (Germany, Belgium, Austria)

Target in particular SMEs

Granted to either employers or employees.

Very successful in Germany

Financing mechanisms (2)

2. Vouchers : may concern not only the acquirement of specific skills but equally more general forms of education. Very efficient in case of:

- persons with incomplete education (early school leavers) with no qualification
- requalification or changing initial qualification, in particular for long-term unemployed
- when additional skills are needed (IT for example)
- new adult entrants on labour market, such as women who have never worked before.

Financing mechanisms (3)

3. Individual Learning Accounts :

Similar to vouchers (encourage savings for education while providing vouchers to people interested in pursuing training: an amount set aside for an individual to use it for learning, develop knowledge, skills and abilities).

Ambiguous impact : workers tend to invest in general education rather than in specific –technical – one; no significant impact on wages or job mobility after training.

Abandoned in many countries (UK, Swden)

Financing mechanisms (4)

4. **Tax instruments** : indirect subsidizing of training participation for updating skills or acquiring new (additional) ones. The cost of training is deducted:
- a) either from the profit tax of firms : widespread, as companies are generally allowed to include in their labour cost the training-related expenditures
 - a) or from income tax of workers taking part in training: used in Germany, Italy and the Netherlands. Much more significant impact on training participation (up to 25%).

Tax deductibility of direct training expenditures: the most effective because it is available to everyone, not only to specific groups (low-skilled workers for example).

Alternative Financing Mechanisms

The Training Fund

Generally constituted from employers' contributions.

Resources used for specific training policies (disadvantaged groups)

Example: *Labour Market Education and Training Fund* Ireland

Target: long-term unemployed

Resources are allocated thematically and regionally

Support to occupational clusters where both demand and vacancies coexist, or to specific needs of young unemployed

Alternative Financing Mechanisms

Paid Education Leaves

Part of national legislation (France, Germany, Sweden) and/or in the collective bargaining agreements (Germany)

Employer-Provided Adult Education and Training

Financed by employers: in France firms allocate a special budget

Adjustment or Reduction of Working Hours

Toscana: reduction to 35 hours: the 5 hours reduction used for training, maintaining the same salary

Job Rotation

Denmark: up to 75 % of temporary employees obtained a permanent employment after

Further issues: Increasing the participation rate

1. Mobilise additional resources

Payroll-levy grant: tax on (0.5 – 2%), disbursed to firms for training

Can be managed by:

- Central agency (mostly used)

- Firm-based mechanisms

- Social partners.

Poland: administrated by enterprise; if employer's contribution at least 0.25% of payroll, government will complement through subsidies.

Increasing the participation rate

Involving the NGO sector

Europe: four types of financing

Public funds (Northern countries)

Project-based operational grants for specific projects

Self-financing through participants' fees (Denmark and Belgium: up to 75% and 50% of NGOs' budget)

Private sponsoring from companies and foundations (also from national lottery in UK).

Increasing the participation rate

Use less expensive but highly effective training schemes : Distance/e-learning

Should be specifically designed:

Malcolm Knowles: andragogical (learner-centred) model of learning:

Adults prefer single-concept, single-theory courses focusing on application of the concept to relevant issues. They know what result they want to achieve, they need to see a reason for learning something because they are practical, self-directed and autonomous, and focus on those aspects that are most useful for their work.

- EC: Lifelong Learning programme, Grundtvig component offers training for adults. Covers learners in adult education, but also the teachers, trainers, education staff and facilities that provide these services. Include relevant associations, counselling organisations, information services, policy-making bodies.
- Six European countries (Belgium, Cyprus, Germany, Italy, Poland and Spain): steLLLa: to develop a generic approach for adult learning. Aimed at sharing the experience of each country in the field for developing and implementing specific modules on distance adult learning.

Increasing the participation rate

Facilitate the access to training for SMEs

- Insufficiently informed managers about the benefits of training;
- Difficulties to replace workers during training;
- Costly training as compared to financial possibilities of firms;
- Training considered irrelevant for SMEs;
- Lack of training at local level adapted to the specificity of SMEs.

Managers prefers practical learning sessions (workshops), case studies referring to the real business context, self-learning through one-to-one mentoring

Increasing the participation rate

Facilitate the access to training for SMEs

Mexico: the Integral Quality and Modernization Programme.

Clusters of firms were organised, links of firms to outside providers were established, and subsidizes up to half of the training cost granted.

South Korea : training in SMEs delivered by large enterprises, which developed training consortia by capitalising on their training resources.

Increasing the participation rate

Workplace Learning: effective because it corresponds to specificity and needs of SMEs:

- ensures that the time and money invested in training contribute to efficiency.
- ensures the quality of training because it helps employees to do their jobs more effectively.
- ensures that employees are trained when they need to be trained and for the necessary period.
- helps in establishing the appropriate partnerships.
- focuses on those standards that contribute to business performance and productivity.
- ensures that the training fits with it's the firm's business.
- helps company to see how training helped to improve business performance.
- helps the firm to decide if training fits with the business objectives.
- helps the firm to understand what training is needed, who needs to be trained, when to be trained, how the training should be delivered, and who should deliver it.

Increasing the participation rate

Disadvantaged groups of population

Older workers: special training programme in UK, Norway and Finland specifically designed for seniors in SME (Worktow - Working life changes and training of older workers)

Disabled adults: specific programmes adapted to disability.

USA:

Partners for Adult Learning programme is a partnership between families, service providers and community providing opportunities for continued learning for persons with developmental disabilities and physical challenges.

Workshop Services: special programme to develop vocational skills, habits and attitudes leading to community job placement. Participants perform jobs in a workshop setting and are paid based on their individual productivity.

Increasing the participation rate

Increase awareness regarding the benefits of adult training

- Should not focus only on adults, but equally on youth because the culture of LLL has to be promoted from primary school onwards, so that LLL becomes a mind-set
- Disseminate in enterprises successful examples of training in terms of long-term benefits. Good practice examples as a reference tool changes the perception of training as an investment rather than a cost for employers
- More flexibility of curricula and teaching methods helps companies and employees to better meet their learning needs in terms of content, delivery and timing. Needs-based approach of learning has to prevail; blended learning is the most suitable tool in this respect.
- Trade unions, employer organisations and worker representatives have major responsibilities in promoting, organising and even carrying out training. Create active partnerships and alliances for HRD development between social partners within company, but also between several enterprises, in particular between big companies and SMEs for the organisation of joint training and learning.