# HRD in companies in a lifelong learning perspective: recent trends and challenges in the EU and its partner countries

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## 1. The European context and recent developments on HRD in companies in a lifelong learning perspective

Since the joint interim report of the Council and the Commission on the implementation of the Education and training programme, there is a growing awareness that **the Lisbon objectives won't ever been achieved without more and better investment in human resources and without a stronger focus on and further actions in developing non-formal and informal learning**. In June 2004, the 8th Conference of European Ministers of education in Oslo provided a series of recommendations aiming at **strengthening the role of businesses in developing knowledge and competences, and at increasing cooperation between education and businesses in this perspective**. In particular, the conference stressed the need to increase the visibility of knowledge and competences within enterprises, the need for closer cooperation between education and business for changing the perception of learning from expenditure to investment, the need to develop methods and approaches to support HC accounting and competence measurement in enterprises and economic sectors and the need to explore further the role of enterprises in validating non-formal and informal learning.

These objectives were widely shared by European Social Partners when they launched in 2002 the "**Framework of actions for the lifelong development of competences and qualifications"**, with four areas for priority actions:

- To identify and anticipate competences and qualifications needs;
- To recognise and validate competences and qualifications;
- To inform, support and provide guidance;
- To mobilise resources.

Analysing the development of skills within companies, particularly SMEs, a thematic analysis of the Leonardo da Vinci Phase 2 activities, identifies four key issues in its final report published in January 2004[1]:

***(1) Removing barriers for participation in training*** *for both companies (reduce high cost; contribute to positive attitudes towards training; reduce poaching risk; diminish absence during training) and for employees (reduce negative attitude towards training; create support; reduce the risk of failure);*

***(2) Enhancing incentives of training*** *for companies (make benefits of training visible, achieve a good HRM record; show adaptation to markets) as well as for employees (create rewards and career possibilities; strengthen employability);*

[1] Development of Skills within companies; thematic monitoring theme 2/ Henk van Driel & Nadir James / EIM Business & Policy Research/ January 2004

*(3) **Improving training offers through the development of new or improved methods and training programmes** tailored to the specific training situation and training needs within companies (quality of method and content; timeliness; duration of training; connection between existing competences, needs and content; flexibility to meet different needs; low cost; adaptation to or connection with learning in the workplace; using support systems within companies, e.g. management, internal trainers, ICT);*

*(4) **Improving training support systems** (organisation at industrial level and/or professional level; collective agreements; cooperation between social partners; taxation; funding; individual rights of employees; transparency of the training market; communication; performing needs analysis or skill identification for various branches of industry or specific employment categories)*

However, the report indicates that the vast majority of Leonardo da Vinci projects deal with the lack of training programmes and methods. They address mainly the offer (issues 3 and 4) and much less the demand (issues 1 and 2).

Following the **Priorities for Enhanced European Cooperation in VET set up by the Maastricht Communiqué**[2], each Country is now called in particular:

- To use of common EU instruments, reference and principles, for example regarding transparency, guidance throughout life, quality assurance and identification and validation of non-formal and informal learning.
- **To improve the "*training incentive effects of tax and benefit systems*"** as recommended by the Lisbon European Council
- To put more emphasis on the early identification of skills needs and plan the VET provision giving in this a major role to the social partners
- To develop and implement open learning approaches enabling people to define individual pathways
- **To further develop learning-conducive environments at the workplace**. "*This entails enhancement and implementation of pedagogical approaches which support self-organised learning provided by ICT and elearning, thus improving the quality of training"*

## 2. The specific challenges and ETF activities in its partner countries

Meanwhile, the ETF has been involved in its partner countries in several activities aiming at developing adult learning with an increasing focus on HRD in companies:

- By disseminating the key messages of the EU approach on lifelong learning in most of its partner countries;
- By contributing to the development of adult learning strategies in the Western Balkans;
- By raising the interests of employers and employers' organisations in human resource development, training and vocational education in Central Asia through dedicated seminars and the development of training materials including a toolkit aimed at assisting in identifying in-company training needs;

[2] As adopted 14 December 2004 during the Maastricht conference which met the Ministers responsible for education and training of 32 countries (including the 4 candidate countries), the European Social Partners and the European Commission.

- By promoting the HRD dimensions of the European Charter for Small Enterprises in the Western Balkans and Moldova;
- By analysing the impact of training measures on companies in Morocco

Thus, in comparison with enterprises in the EU, it appears that enterprises in the ETF partner countries face greater difficulties and the challenges of preparing for the knowledge based economy and society and lifelong learning are markedly heavier.

The conclusions of the Athens conference organised in 2003 by the ETF with the purpose of raising awareness on issues raised in the EU Social Partners' Framework of Actions and start discussion with Social Partners in the acceding and candidate countries[3] showed that "*lifelong learning was still far from being a reality for all and there was even a growing gap in learning opportunities between individuals with low skills and higher educated ones, and between those in the younger age and older age groups*". Another conclusion was that "***firms had a major role to play in creating an appropriate learning environment at the workplace by making competence development a constituent part of their human resource and business strategies****. Firms can equally contribute to maintaining and improving the employability of their staff notably by facilitating access to competence development opportunities for all employees.* ***Public authorities and social partners need to work on stronger partnerships*** *and develop policy frameworks with the aim of stimulating, through suitable mechanisms and tools (such as co-investment approaches and schemes to validate competences acquired through professional experience), a greater and more efficient investment in skills and qualifications as well as promoting a more equitable access to learning opportunities for all (workers in SMEs, older workers, low skilled, temporary staff)"*

As indicated in the ETF studies done in the Candidate Countries for the sake of preparing the Maastricht study[4], a series of initiatives are under development or reflection: among those initiatives, in **Bulgaria**, the Employment Promotion Act has set up a financial incentive scheme for employers to maintain or enhance the vocational qualifications of their employees; in **Romania** a VAT exemption for authorized VET providers was set up by law and 50% of the employers' costs for one annual training programme can be covered by the Unemployment Fund; in **Turkey**, a dedicated agency KOSBEG is supporting SMEs through consultancy and training services, and incentives for employers and employees aiming at improving the quality of the workforce are under consideration; however, all those initiatives are very recent, sometimes hampered by technical constraints or even not known by potential beneficiaries. Their impact is still very limited.

**Key issues for Western Balkans** are:

- Low demand for training and skills development by large enterprises due to uncertainty on their future linked to_the restructuring and privatisation processes. However, successful enterprises are actually investing in HRD;
- Weak training provision: Although there is some training provision by private providers, chambers of economy, VET schools and Universities, this is focused on foreign language

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[3] Lifelong Development of Competences and Qualifications of the Workforce; International Conference/ Athens/ 23-24 May 2003

[4] Achieving the Lisbon goals: the contribution of vocational education in Bulgaria; Romania; and Turkey. / ETF 2004

learning, ICT skills and administrative and management issues. Also there is training for SME development which tends to concentrate on issues linked to start-ups, while occupational and core skills training hardly being addressed);

- Little evidence of systematic training needs assessment of enterprise community to allow for more targeted training design and delivery which creates risk of supply-driven developments;
- Lack of policies for supporting HRD in the enterprises: Although national stakeholders do recognise the importance of a skilled labour force for the economic and social development of the countries actual policy development on HRD issues is still in its infant stage. There is a serious lack of co-ordination and planning among national actors and donors to develop a strategic approach to HRD;
- Quality assurance frameworks are lacking and incentives to enterprises, individuals and training providers to participate more in training are totally absent.

Enterprise managers or owners in **Eastern Europe and Central Asia** have typically a good degree of awareness and consensus around the financial strategy, as well as the priorities for operational processes improvement. They typically have limited consensus around customer strategies (i.e. who are the target segments, what is the value proposition of the products sold), although this has probably improved over the recent past. But poor scores are reserved for their understanding of strategies for developing human capital. There is little consensus, little creativity, and no real framework for thinking about the subject. Little improvement occurred over the past years. The idea that, in the New Economy, human capital is the foundation for value creation is least understood, least prone to measurement and least susceptible to management. For companies to survive in a knowledge economy will require a far going adjustment from them for developing their human resources and create a competitive advantage based on human capital.

Continuous training has not received so far much the attention from policymakers in the **Meda region**. Authorities are restricting public spending on the support to the development of human resource in company, priorities going to social approaches. Companies themselves tend to overlook continuous training, as there is no management of human resources as such, except in big companies. The issue of competitiveness has not been fully taken into account despite the upcoming of the free trade zone area (2010). However, investment in human capital is higher and higher on the policy agendas, and it is particularly emphasized in the "Arab human development report 2003" (Building a knowledge society). But the social pressure it too high at the moment for the economic dimension to develop fully, even in the most advanced countries like Tunisia and Jordan.

## 3. Objectives of the seminar

The aim of the seminar is to update ETF staff on some of the recent trends and challenges in Europe concerning HRD in companies, particularly in SMEs, and to open the discussion between EU and ETF experts on the specific challenges appearing in ETF partner countries and on possible approaches to be taken. Doing so, it will be possible to capitalize on a range of ETF projects and initiatives already implemented or in project and to better prepare further actions and design further projects. Particular focus will be put on initiatives taken by enterprises, at company or at sector level, but also on the role

played by public policies and by the Social Partners when supporting or initiating such activities, and finally on the impetus given by the EU policies in education and employment.
Two aspects will deserve particular attention

- The SMEs' sector
- The identification and validation of non-formal and informal learning and their complementing role with training activities.

**Challenges and key questions** for HRD in companies in the ETF partner countries have been identified and will contribute to structuring the debates, particularly the mast session of the seminar.

**At company level**: the main challenge is about moving from the need for having skilled workers to the need for them to develop their skills and competences and their employability in a lifelong learning perspective and for the company to contribute to it by investing in human resources as the most relevant answer to improve its competitiveness, in other words changing the perception of training from cost to investment for employers and employees. Among those, we propose to focus on two key questions:

**(1) How to increase awareness of companies about the benefits of investing in skills development? (2) How to remove barriers to training** by organising SME training on regional or sectoral basis and so doing by mutualising and decreasing costs and risks?
**(3) How to develop and spread the practice of competence development plans for all employees at the workplace and how to link them with** career development policies and the business strategies of companies, in particular by transforming personnel units in companies in professional HRD units?

**At public policies level**, there is a range of possible actions and approaches. Beyond Candidate Countries, the main challenge for most ETF partner countries is to move from an administrative approach organising things centrally as done previously with large state owned companies, towards a facilitating role, setting the right incentives, ensuring an optimal mix of public and private involvement as well as adequate resources and a more efficient use of resources. Key questions will be:

**(1) How to set up and to implement comprehensive policies** based on partnerships and aimed at promoting both competitiveness and employability, based upon incentives for both employers and employees, combining financial with non-financial incentives including validation of non-formal and informal learning, and developing capacity building on HRD?

**(2) How to increase the quality of the education and training systems and make them more flexible and responsive** to the needs of the labour market, the individuals and the society, introducing core competencies aimed at ensuring better links between initial and continuing learning, facilitating the creation of a quality training market and setting up institutions and networks aimed at bringing closely together education, training and businesses?

**At social partners' level,** the challenge is to enhance their involvement in education and training and to support the development of a real Social Partnership in vocational training at company level as well as at sectoral, local, regional and national level. Therefore, key questions will be for Social Partners and for the State

**(1) How to develop Social Partners' professionalism** in issues linked to human resources development in companies, particularly SMEs, and how to make benefit from the experience in the EU with the Framework of Actions? And

**(2) How to set up a real dialogue between employers' organisations and employees' unions** on issues linked to training at the workplace and how to organise a real partnership on these issues between them and the state representatives at all levels?

## 4. Main points of discussion and seminar conclusions

This document outlines the main points of discussion and conclusions resulting from the seminar. Participants in the seminar were representatives from companies, social partners, international organisations and governments. All participants presented the main developments, achievements and challenges to be addressed from their own experience, in their own countries or at European level.

What follows is a summary of the situation at European level, the role that companies, governments and social partners should and could play, and finally, some conclusions for the ETF future work in this field. This document also includes the presentations delivered during the seminar, the handouts distributed, the final agenda and a list of participants.

### 4.1 Low developments of training in companies

To face the challenges imposed by the knowledge society, increased competition, increased quality standards and efficiency requirements, companies cannot disregard the ever emerging need to invest in human capital, tackling in particular obsolescence of skills, old working methodologies and organisational structures. This need is reinforced in the objectives set by the Lisbon strategy.

However, EU benchmarks for education and training and the Maastricht Study[5] show that the participation of adults in lifelong learning still remains a weak point. This is the result of a series of elements, namely insufficient importance given to training in labour market policies, still limited adult education and not adequate in-company training. Although the situation differs very much from country to country in Europe, even the best performing countries, like Norway, still show low levels in the development and delivery of training in the workplace.

Furthermore, situation is very uneven among categories of the population, age groups, regions, professions, and particularly between (highly) qualified and low (or less) qualified workers (Matthew effect). For this reason continuing training is perceived in most EU countries as a way to reinforce and not to reduce inequalities.

Training results are, for the most part, poor and unsatisfactory when they are not tailored on real needs and specific working environments. This often happens when training is supply driven or when training is not associated with complementary measures such as change management, staff development, more flexible and more dynamic working structures and methodologies.

It should also be recognized that companies are not training providers. They have a fair understanding of their financial needs and developments. However, most of them still have little understanding of

[5] Leney, T., "*Achieving the Lisbon goal: the contribution of VET: Final report to the European Commission"* QCA, London, October 2004'; and also, Tessaring, M. , Jennifer W. "*Synthesis of the Maastricht Study: Vocational education and training- key for the future*", Cedefop, 2004

human resource development. They may often opt for low cost strategies where training has little space.

A further element to be considered is the different perception of training across EU countries. In some countries training mainly coincides with formal training, delivered in traditional forms (employees trained by an instructor). Some other countries prefer making use of more informal ways of training, such as job rotation, where employees learn by doing or by working in team with other colleagues. It has also been studied that traditional training is often associated, especially by low qualified workers, to failures and to demotivating experiences at school.

Particularly critical appears the situation in the candidate countries, and even more in the pre-candidate countries and other ETF partner countries. As shown in the CVTS2 survey[6] on training in companies, there is no or poor consideration for in-company training in both Bulgaria and Romania; ”*no need*” was the major reason given by employers to explain the low level of training activities, not sufficient time and/or money came as secondary reasons. A possible explanation for this result could be found in the high offer of graduates and/or other qualified workers in the labour market. Replacing low (or less) qualified workers represents a preferred choice instead of engaging in long, time consuming and costly training to upgrade skills which have become obsolete.

Despite the overview provided above and the real situation emerging in both the European Union and candidate countries, researches show that training can have a strong positive impact. In particular, some recent researches on return on human capital investment demonstrate that there actually is a positive return both at individual, company and social level; and return rate is higher than the one calculated on physical capital investment. As indicated by P. Descy (Cedefop), “Research findings show that investments in training generate substantial gains for firms and firms are increasingly financing different types of training, general as well as specific. Both lead to positive outcomes for the firm, with training generating better performance and increased motivation. The concept of human capital underlines that training should be considered as an investment and not as a cost; firms’ human capital becomes a major determinant of performance, complementing technological capital”. However, awareness of these results is still limited in the business community, particularly in SMEs.

The Maastricht objective aiming at companies becoming *“conducive learning environments”* must be translated in concrete actions. Learning from and sharing good practices is crucial. Although a lot still needs to be done, there is a growing interest in in-company training. Funds allocated to in-company training are increasing. Human Resource management has acquired a more fundamental role in management issues and in managing training developments; and the role of Human Resource managers is given higher consideration and status companies’ management.

### 4.2 The need to integrate training in a broader concept

The most effective training methods are informal ones, particularly learning from colleagues while working together through knowledge sharing. This is what results from surveys such as ‘citizen views’[7], where the majority of interviewees indicate informal learning practices as their most significant

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[6] Eurostat survey on Continuing Vocational Training initiated by companies, second stage, conducted in 1999; results published in 2001/2002; third stage done in 2003/2004, results to be published end 2005.

[7] From the *European Barometer on lifelong learning*, Cedefop, Luxemburg, 2004

and effective learning experiences. According to S. Skule (Fafo Institute, Norway), both employers and employees rate learning through daily work as notably more effective than more traditional formal training organised both inside or outside the working place.

It therefore appears that, particularly in SMEs, learning by doing is the most frequently adopted training methodology. This should be placed, however, in a larger framework, involving the employees, the management and the whole organisational structure. The objective should not be training per se, but a well designed and well planned strategy for human resource and skills development. This could combine forms of formal, non-formal and informal learning. Specific forms of training methodologies have proven to be successful, such as the introduction of a tutoring system, following more formal training sessions, career and personal development, as well as internal mobility. As mentioned above, however, the whole organisation should engage in the development of a more comprehensive human resource policy as a key component of its development strategy. It proves to be also crucial to combine formal training with a formal recognition of non formal/informal learning. The French experience with the implementation of the "*bilan de competences"* and more recently with the VAE (*validation des acquis de l'experience*[8]) and the new DIF (*droit individual à la formation*)[9], is convincing since it recognizes a shared responsibility in training between the employee and the employer, provides individuals with the motivation to learn, and promotes professional mobility/better employability.

### 4.3 The role of companies

As mentioned above, in order to meet the Maastricht objective and to face the challenges imposed by the information society as well as by the globalisation process, it is fundamental for companies to engage and commit to become *learning organisations*. This means, in particular, introducing and encouraging team working, better identification of skill needs, competences based management, performance management systems, both at individual and company level, and giving an increasing role to the work councils.

This also means creating a real learning culture and increasing motivation of individuals by giving a development role to line managers, and/or setting up coaching or mentoring functions, introducing a two-way communication, encouraging feed-back, but also valuing learning at work as well as learning in formal settings through facilitating recognition and validation of prior learning while integrating it in the management of careers.

It means, finally, mobilising adequate resources and making the best use of national or sectoral schemes and financial/fiscal incentives. EU funds can also provide, in some cases, a substantial contribution.

[8] Through this legislative framework, experience acquired in the workplace can be formally recognised with diplomas and/or certificates. Individuals can prove (through specific exams) the competences acquired during their working life.

[9] See the inter professional agreement on lifelong training , 20 September 2003 and the Law on lifelong vocational training and social dialogue , 2004

## 4.4 The role of public policies

Public authorities have a key role to play in these developments. This role can differ according to social, historical and economic background. As presented by S. Skule (Norway), governments at national and/or local level should act as:

- Supervisory bodies, ensuring and regulating competition;
- Customers, demanding high quality products and services both to companies and to training providers;
- Supporters and co-investors, developing innovation and reforming work organisation programmes, recognition of learning, developing incentives etc; and
- Promoters of more efficient and flexible training methodologies.

In doing so, they compensate (or fight) market failures and manage possible existing contradictions between different approaches as, for example, among different branches or from region to region. In some countries, like Spain for example, a wide decentralisation of the training systems has being implemented. A national Forum monitoring trends and issues in the workplace has been set up in Ireland (the “Forum on the Workplace in the Future”) with the intent to develop recommendations and support concrete actions aimed at changing the workforce and preparing for the knowledge economy.

Public policies should also tackle financing problems. Possible solutions could be represented by training levies, as well as incentives for skills development, targeting both employers and employees. These incentives can be financial or fiscal and/or non-financial, such as providing support through a better identification and recognition of non-formal/informal learning, career counselling and guidance and quality assurance. Substantial information on these different approaches is available in Cedefop documents[10].

In particular, skills development in SMEs needs specific support and attention. The French experience provides interesting examples, such as the development of specific training strategies in some selected institutions[11] and/or the setting up of specific professions with the objective to stimulate supply and demand for learning (like “midwives”) and bridge education and training systems, the labour market and the SMEs. This proved to be particularly successful when dealing with low qualified workers. This mediating role can also be played by social partners’ organisations as CODIFOR[12], which provides a remarkable example of a comprehensive approach ranging from needs analysis to implementation and follow up. Higher education institutions can also play a role in supporting innovation and skills development in companies, particularly in SMEs.

[10] See in particular: Pukkinen, T., Rominj, C. and Elson-Rodgers, S., “*Funding continuing training in small and medium-sized enterprises : Discussion and case studies from across the EU*”, Cedefop, Panorama series 17, Luxemburg, 2001

[11] Guiraudie, I., Terrenoire, J., “*L’avenir des emplois peu qualifiés : que peut la formation* “,synthesis report, available on http://www.brunhes.com/EtudLigne/Cahiers/5/Cahier5.htm

[12] French professional association of training institutions, working in close relationship with associations of employers

Support to SMEs can also be provided through facilitating access to learning networks organised at regional or sectoral level, possibly with the support of Governments (as it is the case in Ireland), or with EU support (such as the networks developed through ADAPT, EQUAL or Leonardo da Vinci).

### 4.5 The role of social partners

EU Social Partners representatives acknowledged that lifelong learning is at the bottom of Social Partners' priorities. Nevertheless, things are moving and attention to learning issues is increasing both from employers and employees organisations sides.

However, Social Partners are not a homogenous category. Trade unions and employers interests differ. In addition in some countries, differences, or even conflicts, may arise within social partners representing the same category. This was the case in France between MEDEF[13] and branches' unions, with regard to the management of training funds coming from the 1.5% tax on the payroll; and among Trade Unions when drafting the law on the DIF, with different objectives and modalities being promoted by different organisations and then put together when drafting the law without really being integrated. These divisions can be prejudicial to the efficiency and effectiveness of training policies, particularly as far as SMEs are concerned.

Nevertheless, social partners have a key role to play in supporting skills development and human resource management in companies. This could be done through social dialogue and/or through tripartite councils or committees. Trade unions can also play a substantial role through work councils, where these exist. But again, this is often not the case in SMEs. In general, trade unions members need specific training because of the growing complexity and the technicalities of training-related issues.

As said above, awareness raising is crucial and therefore the framework of actions for the lifelong development of competencies and qualifications, set up by the EU social partners (ETUC, CEEP, UNICE) in 2002, has a key role to play. The annual follow up reports[14] are important documents to be disseminated and discussed, particularly in EU partner countries.

### 4.6 Main lessons for the ETF

There is no EU model for skills development in companies that could be disseminated in other ETF partner countries. However, there is a series of good practices developed within national contexts, originating from different cultural, social and economic backgrounds. Common challenges and objectives, as outlined in this document, are increasingly attracting the attention of policy makers.

Specifically, in the ETF partner countries, situations are even more complicated since industrial relations are still at an early stage of development and economies face very heavy and painful restructuring processes in most of them. Furthermore, governments play an overall leading and deciding role in education and training; they represent the focal point for technical assistance and policy advice. The formal education system is still dominant and social partners are weak and not well structured.

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[13] *Mouvement des Entreprises de France*, the French Union of Employers
[14] ETUC, UNICE and CEEP, "*Framework of actions for the lifelong development of competencies and qualifications*"', 2003, 2004 and 2005 follow up reports.

It emerges that it is crucial for the ETF to insist on involving social partners as much as possible in building up fruitful cooperation with Ministers and other State agencies. Actions should be designed step by step, identifying the key stake-holders and involving them in concrete measures and projects at national, sectoral or regional level, aiming both at awareness raising and capacity building.

The new integrated EU guidelines for growth and employment, as well as the Copenhagen and Maastricht messages and related documents, the follow up reports of the EU Social partners framework of actions for the lifelong development of skills and competencies are important tools, which should be widely disseminated and used in a policy learning perspective in the candidate countries as well as in the pre-candidate countries and other ETF partner countries within the new assistance policies and instruments (pre-accession and neighbourhood).

## ANNEX 1 – BACKGROUND PAPERS

### BETTER USE OF HUMAN COMPETENCIES AS A RESOURCE FOR COMPANIES

Sveinung Skule, Research Director, Fafo Institute for Labour and Social Research, Norway

Good morning and thank you for this opportunity to share with you some thoughts on the topic "better use of competencies as a resource in companies". My own background is briefly that I have undertaken a number of research-projects to evaluate different parts of the Norwegian competence reform. Together with others I have also developed a national survey which is undertaken annually - The Learning Conditions Monitor - which examines the conditions for lifelong learning in different parts of working life. The survey underpins the National Competence Report issued by The Ministry of Education. I am also involved in different European projects and networks to compare LLL in Norway to other countries.

This introduction will be structured around three main points

- Firstly, why I think it is important to focus on the use and development of competencies in companies
- Secondly, I would like to propose a few explanations as to why competencies are used and developed very efficiently in some enterprises, and less efficiently in others
- Thirdly, I will raise some ideas about what public authorities could do to make enterprises use and develop competencies more efficiently

1) **Firstly, why is it important to focus on companies or enterprises – in other words to concentrate on the demand side of the competence market?**

There are a number of good reasons:

- For most adults the workplace is the most important arena for learning work-related skills. Much of the learning that is needed to build a competitive and knowledge-based economy must take place in working life, that is where the expertise, equipment, customer needs, the exiting projects and lots of other learning resources are found.
- In Norway a small minority of only 7% percent of the employed participate in formal further education each year. A large majority, almost 60% participates in non-formal training, which is mainly organised or financed by the employers. So the workplace and the companies are much more important in terms of the number of people that learning reaches out to.
- Moreover research shows that there is a clear correlation between the learning demands of a job, or the extent to which employees use their competencies on the one hand, and their participation in formal, non-formal and informal learning on the other. In other words; in jobs that require that employees use their competencies, the opportunities to develop competencies further are also better.
- The workplace is an important (potential) source of motivation for learning. The main motivation for people to participate in job-related learning is simply that they want to do a better job where they are today. And if their competencies are not used, there is less motivation to learn. This

simple fact places the workplace centre stage in acting as a catalyst for promoting lifelong learning.

- The workplace is also very important as a distribution mechanism for on-the-job as well as off-the job learning. You all know the Matthew principle: Companies and public enterprises tend to spend more on learning for highly educated people, and less on the low-skilled. The reason is that employers expect to need and to use the competencies of the high-skilled employees. The jobs of the low-skilled on the other hand are simpler, and the employers fear that if they upskill people in these jobs, their new skills will be left unused. So the risk is higher that learning doesn't pay. Currently, learning in working-life thus reinforces the skills differences produced by the education system. This mechanism is common to all countries, but it is even more pronounced in countries with larger social inequalities and more hierarchical organizational structures
- Learning for employability for the low-skilled is not on the strategic agenda of companies; their legitimate role is to think about shareholder value, often on a short term basis.

Summing up this first point: One the one hand, the companies are very important actors in lifelong learning, and they do contribute a lot to learning – individual as well as collective learning. On the other hand the outcome of their learning practices tends to reproduce social inequalities, and often falls below what is optimal seen from a macro-economic point of view, both in terms of investing and using competencies.

For these reasons any LLL-policy that aims to go beyond rhetoric needs to look beyond the individual and beyond the education and training system, and come into grips with the mechanisms at the workplace that determine how skills are deployed, used and developed.

2) **Why do some companies deploy and invest more efficiently in competencies, while other companies tend to use competencies less and invest less?**

In order to understand that, it is useful to look at companies in different countries:

- One striking feature is the differences between high-cost and low-cost countries. In the high-cost countries, the export industries are simply forced to move into high-skills/high-quality niches. Companies' are forced to use and to invest in competence development. One example is the shipbuilding industry. Norway used to have a big shipbuilding industry, which used to build whole ships. Today fewer people are working in the shipbuilding industry, but those that remain are highly skilled. Many ships are still designed and engineered in Norway, but nowadays all the hulls, the labour intensive part of the ships, are built in low-cost countries (China, Poland, and Rumania). Norwegian companies cannot compete with low labour costs and long working hours in these countries. The hulls are still towed to Norway, where high-skilled Norwegian workers install all kinds of advanced electronic and other types of equipment required in a modern ship. Workers in low-cost countries do the simple work, and Norwegian workers do the advanced work. The differences in labour costs, the different market niches, and the type of work carried out (high-skill vs. low-skill) gives employers in high-cost and low-cost countries very different incentives to invest and use the employees competencies for advanced problem solving etc. In other words;

investments and use of skills has a lot to do with the product-market strategies of the companies. The product-market-strategies influences the skills needs and the organisation of work

- When labour is cheap, the companies have fewer incentives to use employees' competencies efficiently. When the cost of labour is high, the companies have more incentives to invest and utilise the competencies of employees more efficiently.

What other factors explain the differences between countries?

- If there are few regulations of working hours, and the companies pay only a small share of the costs when employees get sick, the companies are more inclined to make people work longer and harder. If the cost of labour is high, working hours strictly regulated and sick leaves are expensive to the company, the companies have many incentives to make people work smarter rather than harder and longer.
- Similarly, if most of the employees have a long term employment contract, the companies have more incentives to invest in their competencies, and indeed to find out what competencies they have, than if they are on temporary contracts
- Labour costs, employment protection and other labour market and work environment regulations are thus crucial factors in determining what kind of incentives the companies have for investing in competencies, and using the competencies of their employees.
- These are some very basic mechanisms which explain why the Northern European companies invest more in training than companies in the new accession countries, and why they have developed more modern organisations that use the competencies of the employees better than in many low-cost countries. These factors help to explain why some countries are on a low-skills track, while others are on a high-skills track
- A similar set of factors can also help to explain differences between sectors and between companies within the same sectors. If the markets are primarily domestic, and marked by competition on price rather than quality (e.g. parts of the service sector) there is less need for the knowledge intensive and flexible organisations and the high skilled employees.
- Also, there would be different market segments and niches within the marketplace. A budget hotel in Oslo will aim to compete with other budget hotels, not with a luxury hotel. The budget hotel will aim to keep labour costs down, perhaps employ some youths or immigrants on a temporary basis, and require only some basic skills. Even if some highly skilled employees are hired, e.g. a gourmet cook, her competencies will be used less efficiently because the budget hotel only makes very simple food. Low-price supermarkets are another example. Rather than seeing skills development and the use of skills as the only key to competitiveness, it might be more realistic to view upskilling as simply one possible model of competitive advantage.
- In addition there are other factors such as the segmentation of labour markets, the professional monopolies and career and wage-systems of the enterprises, which determines to what extent enterprises can deploy or uses competencies efficiently. One obvious example is the hospital sector. In Norway at least, there is probably too little learning across professional boundaries

between doctors and nurses. It is strictly regulated what a nurse can do compared to a doctor. The unions sometimes contribute to preserving hierarchies and professional territories that make it more difficult to deploy and use competencies efficiently, and difficult to learn across professional or occupational boundaries.

My point has been to argue that many of the reasons behind large variations in how companies use and develop competencies, are found not so much in the education and training system (the supply-side of the competence market) but is related to the structure of markets, the product-market strategies of enterprises, the cost of labour, labour market regulations and so on. Supplying the labour market with high skills entails no guarantee that these skills will be used. Some countries that do educate young people highly do not use their skills; Spain is one example with high unemployment among people with a higher education. Supplying skills is not enough. Authorities therefore should pay attention to how they can stimulate demand for, and use of, higher levels of skills and competencies.

### 3) What can public authorities do to make companies become active agents of lifelong learning for all? How can they encourage companies to invest in competencies and use competencies more efficiently?

While the mechanisms that influence the use of competencies in companies are complex, there is a lot public authorities can do. They can influence the use of competencies in at least four ways: as a regulator, as a customer, as a supporter and sponsor of development programmes, and as a provider.

**As a regulator:**

- Ensure that there is competition in the markets. Competition is a driver of innovation and learning. However it is important that competition takes place on the right terms, and stimulates to work smarter, not harder. Therefore it is necessary to…
- Install employment protection and regulations of temporary employment
- Regulate the terms of competition, e.g. when it comes to wage levels or working conditions. This is highly relevant after the May 1, where companies from the accession countries will be accused of competing through social dumping instead of skills. (as in Norway)
- Introduce safety or liability regulations and quality standards
- licensing arrangements for individuals which requires a minimum of training (such as for pilots and electricians)
- Introduce training levies to avoid free rider problems (as in France and Holland)

In order to stimulate investments and use of competencies these would be good things to do. BUT, there are many dilemmas to this. There are many reasons why governments these days often want low labour costs, more flexibility in the labour markets, less strict labour protection etc. I don't have the answers to these dilemmas, but my point is that these dilemmas are seldom discussed in a lifelong learning context. I think its time to do that, and ministers of education should pay attention to these dilemmas when discussing these issues in the governments.

**As a customer:**

- demand high quality products and services, whether it's delivered from the private sector or by public enterprises. Thereby public authorities can give companies an incentive to upgrade their product-market strategies
- pose minimum skills or training requirements for public bids

**As a supporter:**

- Innovation policies are important to make companies move towards knowledge based products or services, authorities can also support programs to re-design jobs and work organisation so as to minimise low skill jobs and maximise the opportunities for the entire workforce to both acquire and utilise higher levels of learning and skill. Many countries have had initiatives around the concept of the learning organization. In Norway we have had a number of such efforts, many of them initiated and co-sponsored by the social partners, starting out with the Industrial democracy project around 1970. Today we have several such programs.
- Authorities may also support development of new reporting methods on human capital. Denmark has developed an official Danish "Guideline for Intellectual Capital Statements" and more or less strongly encourages companies to report on the intellectual capital ["if they dispose of significant knowledge assets".] The problem is that the indicators used tend to focus on investments in training and level of formal skills. Should focus on learning conditions, learning processes and deployment of skills. Another problem I anticipate is that these intellectual capital reports will do little to the skewed distribution of learning opportunities. Spain has also developed these methods far.
- A Norwegian approach has been to identify and validate non-formal and informal learning. The validation in education, which has been discussed earlier in this conference, helps a lot to value and use informally acquired competencies. This has turned out to be particularly useful in sectors with highly segmented or regulated labour markets, such as the health sector. This enables the enterprises that are subject to such regulations to use the informal competencies of their employees better. The problem with this is that most candidates have to enrol as students before their skills are finally made usable. Has turned out to be an efficient way of supplying skilled manpower (nurses and nurse assistants) to the health sector
- In Norway we also developed tools for enterprises to validate non-formal and informal learning in working life, for people who do not intend to enrol into education. This was one part of the project to develop a national validation system. These are tools that describe and account for non-formal and informal competencies in a way that provides the enterprise with a good overview of the competencies of each individual, and thus enables them to use these competencies when allocating and developing their human resources.
- In the UK, the authorities have supported the Investors in People-standard, which provides companies with a proof that they invest in their employees according to certain standards.
- Another interesting development in the UK is the Union Learning Representatives, who are local union officials that motivate, aid and support members to participate in learning, work in partnership with management, establish workplace learning centres and broker provision with

local education institutions and so on. The UK's statutory back up of union learning representatives through the Employment act indicates that public authorities may have a role to play in support and empowering unions to become better partners for learning at the local level. Sweden also has union learning representatives in some industries.

- In many other countries there are collective agreements on training, one example from Germany is the collective agreement in the metalworking and electrical industries in Baden-Württemberg, which gives the workers a right to have a consultation once a year with their superiors to discuss training needs and agree on measures. While collective agreements are the responsibility of the social partners the authorities can support them financially or by law. The unions have an important role to play, because they are particularly well positioned to promote learning among the most vulnerable groups, and to make the distribution of training less skewed. The point is that local unions are a way to come into grips with what's happening at the workplace.
- The authorities may also support different types of learning regions-initiatives, which is known from several countries, and which often are based on partnership between enterprises, local authorities, providers etc. Again it's a way to engage the employers as active agents of lifelong learning.

**As providers**

- The authorities may introduce practice-based courses that give formal credits, like apprenticeships. This stimulates the transfer of knowledge in the workplace, and thus stimulates the use and flows of competencies and knowledge recourses in working life (e.g. medical doctors, apprenticeships). And this approach is more motivating for the low-skilled.
- pay employers to train their employees instead of paying education institutions (e.g. employer training pilots in UK, apprenticeship subsidies to firms in Norway)

Summing up: To stimulate companies to invest as well as deploy and use competencies more efficiently is a crosscutting task, which requires cooperation of actors from different ministries and from the social partners and working life. You as education ministers cannot create a knowledge based economy by yourself. You should look beyond measures directed towards individuals and beyond the education and training system. You should try and understand the mechanisms in the workplaces that influence investments and use of competencies, the demand-side of the competence market.

I think the Norwegian experience underlines this point: Norway was a quite early mover in the field of lifelong learning. I think we have gone quite far in building a comprehensive and coherent strategy for lifelong learning, with a number of statutory rights for the individual (rights to educational leave, rights for adults to complete secondary education, fairly advanced methods to validate non-formal and informal learning and some improvements in terms of financing subsistence costs). Most of these measures have however been directed towards improving the framework conditions for individuals who wanted to enrol into secondary or higher education. Also the educational institutions, the supply side, has been encouraged and provided with better framework conditions to create flexible learning opportunities that are adjusted to adults in terms of using people's spare time. What are the results? There has been no queue of adults lining up in front of the providers, asking for more education and training. I think the main reason is that people in their everyday life don't feel that they need it. The market failure is probably more on the demand side of the competence market, than on the supply side.

Measures directed towards the companies, as outlined above, should therefore be considered as part of the LLL-policies.

## REFORMING THE TRAINING SYSTEM IN FRANCE

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The French system of continuing vocational training was set up in 1970 by an inter-sectoral collective agreement that was then followed by legislation. More than 30 years on, the economic and social context has changed and the system now faces new challenges. In 2001 and again in 2003, the social partners embarked upon new negotiations in a bid to redesign the system. Analysis of the negotiation process and of its outcomes reveals both the persistence of societal characteristics and the emergence of significant innovations, particularly in the individualisation of training. This dual trend is explained by the characteristics of the actors involved as well as by the weakness of the state.

**Key words**

*Training system, training levy, individualisation, social partners, negotiation, France*

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At the beginning of 2001, employers' organisations and trade unions in France opened negotiations on continuing vocational training. These negotiations, initiated by MEDEF (the main employers' organisation), were part of a wider project involving other areas of industrial relations (for example unemployment benefits, industrial restructuring) whose objective was nothing less than thoroughgoing reform of the entire industrial relations system. After ten months of talks, the negotiations collapsed. After a relaunch in 2003 following the right-wing victory in the parliamentary election of 2002, fresh negotiations led to an agreement that was signed by all the parties involved, an unusual occurrence in France. In 2004, the main provisions of the agreement, which reforms the continuing vocational training system, were incorporated into an act of parliament and thereby made compulsory.

One of MEDEF's initial objectives was to introduce a higher share of individualisation and co-investment (employer/employee) into a system that offered only very limited choice for individuals and in which firms were responsible for virtually all training provision. The final compromise seems to have fallen far short of these objectives, even though it has introduced some significant new elements into the old system. Throughout the negotiations, the employees' organisations managed to maintain a relatively united front, whereas the employers' organisations were driven by internal dissent.

This article analyses this reform process. In the first part, we outline the French system of continuing vocational training, which is unique in terms both of its structure and funding. When it was put in place, this system was broadly in step with the dominant internal labour market model. Today, however, the system has to face up to economic and social changes and the desire of some employers to change the rules by which labour markets operate. In the second part, the parties' negotiating positions and the actual conduct of the negotiations are analysed. The third part examines the main new elements introduced into the French system and compares them with the initial objectives set out by the employers and the trade unions. The conclusion analyses the nature of the new compromise, which has seen the introduction of more individualised rules that seek both to change individual behaviour and to bear down on the collective regulation of internal markets, while at the same time strengthening neo-corporatist management by individual industries.

## 1. A training position without parallel in Europe

We begin by outlining the main characteristics of the French system, its advantages as well as its limitations.

*1.1 The foundations*

The system is the outcome of inter-sectoral negotiations conducted in 1970, which themselves followed the so-called 'Grenelle agreements' concluded after the civil disturbances of May 1968. The principles of the new system were enshrined in law in 1971.

- The employer training levy and company training plans

The basis of the system is an obligation on firms to fund continuing vocational training for employees. Private companies with more than 10 employees have to spend at least 1.5% of their wages bill on continuing training. This was the situation in 2001 and 2003, following a series of increases from 1971 onwards, when the employers training levy was 0.9% of the wage bill.

A minimum of 0.9% must be allocated to a training plan drawn up and implemented by the employer, while 0.7% must be allocated to various types of compulsory contribution (for example individual training leave, sandwich courses for young unemployed people). Firms must either manage the funds themselves, which is normal practice in large companies, or entrust them to industry-level organisations, which is what small companies generally do. These organisations are managed on a joint basis by employers and trade unions; they reimburse companies for their training expenditure and have the option of mutualising the funds. In this way, they provide a form of collective insurance: a company that provides a lot of training in a given year will be able to reclaim more than its annual payment to the industry-level organisation.

The other main pillar of the system is the company training plan. Each year, employers have to put together a series of training measures for their employees. Works councils (on which employees' elected representatives have a seat) are consulted on this plan. However, employers do not have to take their opinion into account. The expenditure incurred in implementing the training plan are entered in the accounts (training costs, transport costs and wages paid to employees attending training course, most of which are held during normal working time) and must reach at least the legal minimum. If this level is not reached, the employer must pay the difference to the state.

Besides these company training plans, the system also provides for individual training leave. In this case, employees are free to choose the programme they wish to attend and the leave is paid for out of a special joint fund (into which part of the employer training levy is paid). Nevertheless, relatively few employees are able to avail themselves of this option because of the high cost (of the 40,000 who apply each year, around 20,000 are successful).

- Joint management built into the structure, but unions weak in the workplace

The social partners are involved at three levels in the system of continuing vocational training.

First, at the national and inter-sectoral level, they negotiate a general framework. This framework is binding on companies that are members of the employers' organisations and that are signatories to the framework agreement but not on others. For this reason, the content of the collective agreement is adapted if necessary and then reproduced and enshrined in legislation, which makes it compulsory for all private companies.

Secondly, at industry level, the social partners can adapt the national framework and, if they see fit, conclude agreements that are more favourable to employees. It is also at this level that most of the collective funds that collect and administer part of the employer training levy are located. These funds are jointly managed, although the trade unions are more heavily involved at the administrative than at the policymaking level. Their policies are usually drawn up and implemented by the employers' side and the technical staff. This led to the term 'French-style neo-corporatism' (Mériaux, 2003) being coined to describe a system based in part on the German model (as far as control of the system is concerned) but in which the trade unions, unlike their German counterparts, have considerable difficulty in influencing policy.

At firm level, thirdly, the works council in those companies that have one is consulted annually on the training plan. The council generally has a specialist committee on continuing training. Here too, however, trade unions often have little power. First, as is well known, trade union presence at firm level is limited in France. Secondly, the trade unions are more concerned with issues relating to pay and employment (often from a defensive point of view) than with those relating to work organisation, job content and skills and competences. Finally, the works council's advice is not binding on employers, who can ignore a negative opinion. Discussions are usually concerned more with the volume of training and equality of access for the various occupational categories than with the content and direction of the policies adopted.

### *1.2 A significant increase in continuing vocational training*

Despite these limitations, the result more than 30 years after the system was established is far from being negligible, particularly if the initial situation is taken into account. At the end of the 1960s, and unlike their counterparts in the Federal Republic of Germany, the French trade unions and employers' organisations had little involvement in training matters. With the gradual closure of company training schools, which provided vocational training for young people, responsibility for initial vocational training was gradually being shifted to the state. Vocational training was regarded as a matter for the education system, while apprenticeships were declining. Except in the very largest companies, there was little in the way of continuing vocational training. Firms, employers' organisations and trade unions were not at the heart of the system (Gehin and Méhaut, 1993). The training levy and the employer's discretion to use the funds as they saw fit restored firms to the heart of the system.

**Table 1 - Firms' expenditure on training (% of the wage bill, 1992-2001)**

| Years | 1992 | 1994 | 1996 | 1998 | 2000 | 2001 |
|---|---|---|---|---|---|---|
| **No of employees** | | | | | | |
| 10 to 19 | 1.50 | 1.61 | 1.73 | 1.77 | 1.69 | 1.64 |
| 20 to 49 | 1.63 | 1.85 | 1.87 | 1.89 | 1.94 | 1.95 |
| 50 to 299 | 2.33 | 2.48 | 2.52 | 2.53 | 2.39 | 2.39 |
| 299 to 500 | 2.33 | 2.48 | 2.52 | 2.53 | 2.89 | 2.92 |
| 500 to 1999 | 3.45 | 3.51 | 3.48 | 3.54 | 3.49 | 3.47 |
| > 2000 | 5.12 | 5.06 | 4.87 | 4.65 | 4.35 | 4.29 |
| **Total** | 3.26 | 3.29 | 3.25 | 3.23 | 3.16 | 3.14 |

Source : Céreq (2002), employers' survey

As Table 1 shows, the share of the wages bill devoted to continuing training is considerably greater than the legal minimum of 1.5% (over 3% on average).It increased significantly from 1971 to 1990. Since then, however, the percentage has been declining in the largest firms for several reasons. First the improvement in the level of initial vocational training among new recruits has reduced the need for continuing training. Secondly the pressures on the wage bill are increasing, particularly with globalisation. Furthermore, many firms are seeking to manage training by focusing more on individuals needs and individual access than on collective approach (by groups or categories of employees) and if possible to shift some of the provision outside normal working hours. However, Table 1 also shows the system's limitations with regard to small firms[15] where their expenditure remains very close to the legal minimum, which is regarded more as a ceiling than as a floor. Nevertheless, throughout this period, firms gradually got to grips with training issues. They built up their training management capabilities by creating posts for training officers and setting up training departments, some of which were staffed by professional trainers. The industry funds collected and redistributed an increasing share of the employer training levy. In some industries, they also developed active incentive policies. On the supply side, the increase in available funds led to the development of a dense network of training providers, both public and private (Personaz and Méhaut, 1999). European surveys put France on the high side of average among European countries in terms of company-funded continuing training (Aventur and Mobus, 1999).

*1.3 A system in step with societal characteristics*

The system put in place in the course of the 1990s was consistent with the main characteristics of the labour market and, more broadly, of the French industrial relations system.

On the one hand, it was based on the principle of a compulsory general levy, the management of which was shared between employers and trade unions. It extended the particular characteristics of the French system to vocational training (this levy system is also found in the health, industrial accident and unemployment insurance systems, usually with a single rate irrespective of size of firm).

[15] Very small firms (those with fewer than 10 employees) joined the statutory system at a later date (1991) but with a very low contribution rate, namely 0.15% of the wages bill

On the other hand, it introduced the principle of training decided on and totally funded by employers, with little scope for individual initiative (with the exception of individual training leave), thereby strengthening the principle of internal labour markets (Marsden, 1989, Eyraud, Marsden and Silvestre, 1990), which were considered dominant in France. In contrast to Germany (Gehin, Méhaut, 1993), for example, initial vocational training was still underdeveloped and had little social status, with most young people leaving the education system entering employment at the end of compulsory general education. Consequently, the function of continuing training, which tended to be short in duration and specific to individual jobs, was to compensate to some extent for this lack of initial training. Moreover, large firms operated internal labour markets, with entry points at the bottom of the jobs hierarchy and promotion linked to seniority, with employees moving up collective wage scales, possibly after completing longer internal training programmes planned and organised by the company. Thus the initial success and subsequent gradual collapse of the system can be interpreted as a reflection both of its congruence with the situation that prevailed in the 1970s and 80 and of its difficulty in adapting to a new economic and social context.

*1.4 A flagging system in need of reform*

In the years preceding the negotiations, a number of reports and critical assessments (de Virville 1996; Secrétariat d'état 1999; Gauron 2000; Lichtenberger and Méhaut, 2001) emphasised that the system created by the 1971 Act was running out of steam and was becoming unsuited to the new economic and social context (Merle and Lichtenberger, 2001). There were four major strands to the criticism.

In contrast to other European countries, the French system left little room for individual initiative and/or the various forms of joint investment (Aventur, Mobus 1999). The fact that training took place largely during working hours and was funded by companies gave employers considerable power. The majority of workers receiving training were sent on courses by their employer (Fournier, Lambert and Perez 2002). In the past, individuals had a second chance to complete their education and training by attending evening classes, but the provision of such courses was now considerably reduced (Dubar, Gadea 1999). And, as we have already seen, the opportunities for individual training leave were very limited. In a society characterised by increasing individualisation and in a labour market in which individual trajectories were becoming more complex and more diverse, it seemed necessary to open up more space for individual initiatives

The fact that company training policies concentrated heavily on very short training programmes of less than five days' duration and emphasised short-term adaptation to specific jobs meant that the return to individuals in terms of career or salary were considerably reduced (Beret et al., 1997). Indeed, such training was sometimes even counterproductive in terms of mobility within the company or as part of a medium or long-term skill management programme. Given the age structure of the working population, many workers would be retiring within the coming decade and they could not be fully replaced by recruiting young people. It seemed necessary to introduce more active personal and professional development, career guidance and training programmes in order to inject greater dynamism into both internal (i.e. within companies and groups) and external career mobility. This issue was seen as particularly crucial for older workers and for the companies employing them if France wanted to increase participation rates among the over-55s, which are still among the lowest in Europe.

There were still considerable inequalities of access to continuing training, and they were significantly greater than in Northern European countries, for example (Aventur and Mobus, 1999). On the one hand, very small firms and small establishments (with fewer than 10 employees) provided little training, although they employed a significant share of the economically active population. Access to training was slightly less than 10% and varied considerably depending on whether the company in question was independent or part of a network, franchise operation (Bentabet, Michun, Trouvé 1999). Over and above questions of pay and working conditions, some of the difficulties the companies were experiencing in recruiting workers (despite the high unemployment rate) were also due to their lack of attractiveness in terms of training and career. On the other hand, these structural inequalities also applied to access to training for workers who had benefited least from initial training and for the lowest skill groups.

Finally, the approach to training still relied heavily on the ‘training course’ principle. At the beginning of the 1970s, when the school-based model was still very much dominant, and in the light of the obligation on companies to enter training costs in their accounts, courses delivered by training personnel were the only form of training provision in use. Although training provision subsequently became more diverse, French companies continued to make greater use than most of their European counterparts of formal training courses to the detriment of other forms of provision (Nestler and Kailis, 2002). With the development of opportunities for self-directed training, the emergence of e-learning, increasing acknowledgement of on-the-job training and the validation of knowledge and know-how derived from experience, the institutional framework was becoming less and less compatible with a world in which the forms of learning were now more diverse.

All of these questions had been on the political agenda for reform of the training system since the end of the 1990s. Nevertheless, the government seemed very much in the background and incapable of providing the impetus for any significant reform. On the one hand, the role of the social partners in the management of vocational training had increased in both strength and legitimacy since 1971. The same had been true of the regional authorities since 1982. In accordance with the ‘proximity’ principle, which states that the actors closest to the ground are the ones best placed to put vocational training policy into practice, the government had transferred increasing responsibilities to the social partners and the regional authorities (Méhaut 2004). On the other hand, budgetary constraints, particularly those arising out of the Maastricht criteria, left the government little room for manoeuvre, particularly since priorities in the area of education and training were still over determined by the investment in initial training. It therefore put pressure on the social partners to initiate a process of reform themselves and the government threatened to legislate if negotiations failed.

## 2. The difficult negotiations of 2001 and 2003

Accordingly, negotiations on continuing vocational training, including the question of vocational training for unemployed young people, were launched in 2001.

### *2.1 Continuing training against the background of a restructuring of industrial relations*

These negotiations, which were launched on the initiative of the employers, were part of a broader MEDEF project whose aim was a restructuring of the industrial relations system. The employers’ association, which was having to deal at the time with a left-wing government led by Lionel Jospin, was seeking to regain control over employment and labour relations, if possible by bringing about radical changes in the legislative framework governing both employment and industrial relations. MEDEF's position, which was articulated particularly by Ewald and Kessler (Ewald and Kessler, 2000; Kessler 2001), the two leading thinkers on the employers' side, was very close to the analyses of the 'risk society' developed by Beck (2001) and Giddens (1994). Like Beck, they defined risk very broadly to include both major collective risks (accidents at work, loss of income because of sickness or retirement) and new risks (unemployment, exclusion). These risks, it was argued, were increasing: not only were they becoming more frequent, they were also becoming wider in scope. Moreover for MEDEF, individuals bore responsibility for their behaviour with regard to risks. Thus employability, for example, was an individual attribute that increasingly depended on personal responsibility with acceptance of occupational or geographical mobility, the need to accept a possible drop in income or job quality, the willingness to take responsibility for training and the fight against the obsolescence of individual skills. This new approach to risks was supposed to lead, on the one hand, to a redistribution of financial liability, with an increased burden falling on individuals, and, on the other, to a reform of welfare arrangements, with less state involvement, an increase in the various forms of insurance (particularly private schemes) and in sanctions for those indulging in 'risky' behaviour and greater recourse to the market (see also Ramaux, 2003 for a critical analysis).

Also in MEDEF's sights was the structure of the French industrial relations system, one of the main features of which is the power of industry-level agreements and the constraints they place on employers (Besucco, Tallard, Lozier 1998). In particular, its aim was to strengthen company-level bargaining by, among other things, incorporating derogation clauses into the industry-level agreements, even if it meant accepting new rules requiring majority agreement on the trade union side before agreements could be signed (until 2004 a minority agreement could be valid).

The objectives of the main employers' association can be interpreted both as political ambitions (deregulation and weakening of trade union control) and as attempts to respond to changes in the labour markets. Even though seniority remains a basic element in French labour markets, various factors are conspiring to undermine it. Firstly, the expansion of initial education and training (including vocational training, particularly with the development of vocational *baccalauréats* and the professionalisation of higher education) means there are now higher-level entry points into firms. Secondly, the development in some companies of competence-based management has weakened the rules governing internal markets (Méhaut, 2004). Finally, the rapid changes in corporate structures (concentration, restructuring and globalisation, sub-contracting) have disrupted the rules governing these internal markets and encouraged greater individualisation in the modes of labour management.

Right from the outset, the training negotiations were affected by this general background. Moreover, they had started in the wake of a dispute concerning the agreement on unemployment insurance, which had not been signed by the "Confédération générale du travail" CGT or the "Force Ouvrière" FO and which had caused considerable disagreement and conflict between the various trade union organisations. The "Confédération française démocratique du travail" CFDT, which had signed the agreement, was accused by the non-signatory unions of compromising with the employers. The negotiations also started as the legislation on the 35-hour week was being implemented. The considerable reduction in working time imposed by the legislation was forcing employers to look for solutions, for example by making breaks part of working time or altering the balance between training provided during working hours and training outside normal working hours.

Despite their diversity and disputes the employees' organisations sought to maintain a united front. On the one hand, training had traditionally been a relatively consensual subject, and one to which French society attached considerable value. On the other hand, both the CGT and CFDT, for different reasons, wanted to play down the dissension and conflict between unions. For its part, the CGT had adopted a new strategy and was seeking to involve itself again in the bargaining process in order to avoid being marginalized in the subsequent implementation of agreements that it had not signed. Moreover the content of the agreement fit partly with the claim for a "professional social security" (Le Duigou, 2004). For the CFDT, the main issue at stake following the controversy aroused by its decision, alone among the trade unions, to sign the agreement on unemployment and in the face of considerable internal conflict, was the preservation, if at all possible, of unity between unions. Moreover, in the years preceding the start of negotiations, an informal working group on the management of skills and competences that included representatives of both MEDEF and the trade unions had helped to construct a language and set of diagnostic principles that both sides could agree on, at least in part. Finally, both the employers and trade unions had been threatened with state intervention if the negotiations failed.

Although the three employers' organisations (MEDEF, CGPME, which represents small and medium-sized firms, and the UPA, which represents craft workers and very small firms) also presented a common front, their unity seemed fragile and internal dissensions soon became apparent. First, just as the negotiations got under way, the CGPME had conducted and published a survey of its members which showed they were satisfied with the current system and believed there was no need to change anything. Secondly, within MEDEF itself, the representatives of some industries (notably metalworking, one of the most powerful federations) wanted to retain the industry principle and did not want an inter-sectoral agreement to restrict the prerogatives enjoyed by industries that operated an extensive training system.

### *2.2. From failure to agreement and legislation*

In 2001, during the first round of negotiations, MEDEF's initial proposals, which strongly emphasised individualisation and a redistribution of financial burdens between individual workers and firms, underwent radical change. It seemed as though agreement might be reached. Nevertheless, at the final meeting, with the trade unions adopting a unified front in order to achieve their goals of placing restrictions on the co-investment principle and obtaining an agreement that would apply to all industries, the impasse became evident, as did the internal disagreements on the employers' side. The small firms' representatives, who had accepted an increase in their compulsory contributions to the funding of company training plans, were anxious about the additional cost of a new, more individualised system (see below) on top of this increase. Within MEDEF, the representatives of the metalworking employers were concerned that the agreement should not undermine their industry's particular arrangements on training outside normal working hours.

Moreover, the forthcoming presidential elections made any coercive government intervention unlikely and gave the employers' side an opportunity to play for time and hope that the political context would eventually shift in their favour. Accordingly, the negotiations ground to a halt. At the end of this first round, the trade unions issued a joint statement (a rare occurrence in the French trade union movement) demanding that the negotiations be resumed, affirming the importance of the fight against inequalities of access to training and demanding that an inter-sectoral agreement take precedence over industry-level agreements.

At the beginning of 2003, after the election of Jacques Chirac as President and a right-wing government, the negotiations were re-opened after the new minister of labour exerted strong pressure on the social partners to reach an agreement. This time, the negotiations ended in a unanimous agreement in September 2003 which, with a few minor changes, was enshrined in law in May 2004.

## 3. The agreement of 2003: between continuity and increased individualisation

Examination of the key points of the 2003 agreement reveals both a considerable degree of continuity with the past and some major innovations.

### *3.1 Extension of two basic principles: the employer training levy and industry-level control*

The agreement and subsequent legislation confirm and strengthen the basic characteristics of the system in various ways. For small firms (fewer than 10 employees), the training levy is increased significantly: between 2003 and 2005 it will rise from 0.15 to 0.45 per cent of the wages bill. This reflects the desire of craft enterprises to follow the model of larger firms more closely in organising their training provision. The UPA, which represents these small firms, had accepted this increase in principle right at the outset of the 2001 negotiations. It also constitutes a means of fighting the structural inequalities in access to training. Furthermore, in the final phase of the 2003 negotiations, the employers had to concede a slight increase of 0.1 per cent in the levy on firms with more than 10 employees in order to increase the resources available for individual training leave, an arrangement to which some of the trade unions were very committed.

At the same time, the position of the individual industries and of the organisations that collect the training levies has been strengthened (Merle 2004). First, the increasing levies paid by small firms will be paid directly to these organisations. Secondly, their monopoly on the collection of the levy throughout their particular industry has been firmly established in more tightly worded clauses. Finally, it is mainly at the level of the individual industry (and its collection agencies) that certain priorities will be decided on (for example training for unskilled target groups, gender equality, programmes for older workers) with which firms will have to comply if they seek financial support from the mutual funds. This strengthening of the industry level reflects the power of the large federations within the employers' organisation. Particularly during the 2001 round of negotiations, MEDEF, along with the CFDT, had been arguing in favour of an increase in inter-industry programmes and for a shift in the locus of training policy towards the region and the firm.

### *3.2 A more individualised system*

In the previous system, as we have seen, firms played a particularly important role. The statistics show that individual initiatives accounted for only a small share of entries into further training (Fournier 2002). A good many of the measures relating to careers and mobility referred to above stress personal initiative and employee choice. However, the most significant measure is the establishment of a new ‘individual right to training’, midway between the training plan (content decided by employers with a view to ensuring workers’ skills match the jobs they are hired to do and provided mainly during normal working hours) and individual training leave (freely chosen by employees, who are granted leave from their jobs).

Based on the individual learning accounts developed in Sweden (and trialled and then abandoned in the UK), the employers’ proposals set out in the 2001 draft agreement made provision for the introduction, through company collective agreements, of individual training accounts. The idea was that individual employees would set up their own accounts, using overtime pay, for example, or a proportion of their pay rises. Financial administration of the accounts would be the company’s responsibility and account holders would put forward proposals for further training to their employer. If agreement was reached, employers would help employees to achieve their objectives by paying the equivalent of the employee’s contribution into the training account. These sums would cover all or part of the employee’s wage for the duration of the training programme, with the employer also paying the direct training costs.

This marked a radical departure from the previous framework. It combined collective bargaining and control at the company level (the company agreement required to establish the accounts), on the one hand, with negotiations and mutual financial commitments between individual workers and employers, on the other. It placed part of the cost of training directly on employees. Finally, the accounts were administered within the company and were thus wholly outside of the control of the industry-level collection agencies.

Although they were very suspicious, the unions were willing to discuss these proposals, aware as they were of the need for greater individualisation and of the frankly unrealistic nature of any demand that training programmes intended to enhance individual career prospects should be provided at absolutely no cost to the individuals benefiting from them.

The 2001 negotiations stalled when it came to agreeing the level of mutual financial commitment. Another sticking point was the transferability of training accounts in the event of a change of employer. Workers leaving a company would be entitled to take their accounts with them. However, the new employer would not be obliged to make any contribution.

The proposal did not meet with unanimous approval on the employers’ side either. The representatives of very small firms were worried about the cost. For their part, the major industries took a dim view of the plans to develop individual training accounts, which were likely to reduce the power of the collection agencies. All these factors played an important part in the failure to conclude an agreement in 2001.

The agreement concluded in 2003 has the same objectives but seeks to achieve them by different means. Employees are granted a theoretical right to 20 hours training per year, which can be accumulated for up to 6 years. When they wish to exercise this right, they enter into discussions with their employer about the training they have in mind, which has to enhance their competences with a view to career development, be consistent with the training priorities established at industry level and take place in part outside normal working time. If agreement is reached on these terms, employers bear the direct training costs and pay employees 50 per cent of their normal wage for the hours of training outside normal working time. Thus the cost-sharing principle is maintained (employees give up their free time, employers contribute to the costs), together with that of individual initiative (it is up to employees to decide whether or not they wish to avail themselves of their drawing right and put forward proposals for a particular course of training). However, the mechanism of implementation is more conventional: the initial discussions revolve around hours rather than money, there are no individual accounts and training priorities are decided at industry level if the collection agency is the funding body. However, this remains a major innovation that establishes a ‘third way’ between training plans and individual training leave.

The establishment of an individual training right certainly satisfies the desire for greater individualisation of the system. Employees are given ‘drawing rights’ (Clasquin et al., 2004), the use of which they have to negotiate with their employers. This right does not take the form of an individual cash account; rather, it is an individual right subject to collectively agreed rules. It is in fact much closer in its philosophy to the proposals advanced by advocates of transitional labour markets (Schmidt, Gazier 2002) or social drawing rights (Supiot 1999) than to what the analysts of risk and advocates of an extension of the insurance principle on the employers’ side had been proposing. The difference is important compared to the 2001 draft agreement, which provided for individual savings accounts into which money was to be paid. In this regard, the trade unions can be said to have prevailed in the negotiations, albeit at the price of distributing the costs of further training between individual workers and their employers.

### *3.3 A new approach to training based on mobility and career development*

Although it bears the title ‘Agreement on employees’ access to lifelong training’, the agreement actually puts forward an extended concept of training based on the twin principles of mobility and career development. This new approach to training marks a significant shift away from the previous system. The first proposals put forward by the employers in 2001 made much reference to the notion of risk and stressed that ‘individuals must face up to the obsolescence of their skills and develop their professional capabilities’. At the trade unions’ request, most of these references had disappeared in 2003 and the agreement draws on more conventional notions of ‘social rights’.

As early as the preamble and the first article, the agreement places considerable emphasis on the changes that have taken place in work organisation and patterns of mobility and on the need for career plans, to be discussed between employees and their employers and possibly supported by skill assessments and career guidance. It provides for the introduction of individual education and training passports (an idea based on European proposals) that would list the knowledge and know-how acquired during initial and continuing training as well as experience obtained at work and the competences acquired by individuals in the course of that work. ‘Reskilling contracts’ (*contrats de professionnalisation)* have been introduced for workers newly recruited from the unemployment register; these contracts replace the various forms of assistance available to unemployed individuals with low skill levels. The workers most at risk of losing their jobs because of technological change and/or skill obsolescence can take advantage of ‘reskilling periods’. These may include on-the-job training, formal training and evaluation of knowledge and know-how acquired through experience and must lead to a certificate or diploma. Workers aged 50 and over, those with more than 20 years’ seniority and/or those regarded as a priority at industry level may claim their right to these ‘reskilling periods'. In this case, the costs are borne by the industry-level organisation, which reimburses the employer.

This strong emphasis on the continuous maintenance of competences through a variety of routes locates training in a broader context and in so doing diverges considerably from earlier approaches.

Similarly, the agreement considerably extends the notion of training schemes. Formal training courses no longer have the pre-eminence they once had; rather, the whole notion of training has been widened to encompass distance learning, e-learning, self-directed training and supervised training on the job.

*3.4 Sharing the costs of training*

In the 1970s French system, individual workers made little contribution to the cost of continuing training. The FC 2000 survey (Fournier et al., 2002) showed that, in 87 per cent of cases, workers bore none of the direct costs of training and that more than 70 per cent of training took place during normal working time.

During the negotiations on the introduction of the 35-hour week, some industries, including metalworking, had sought to shift training into non-working time. At the same time, however, in the wake of disputes concerning redundancies regarded as unjustified, the employment courts confirmed that 'the obligation to train an employee for his or her job' was an obligation that had to meet in full by the employer (Gomez-Mustel 2004).

The new framework retains some of these principles. The new framework does introduce joint responsibility and a sharing of costs between employers and employees, albeit to a limited extent.

Thus irrespective of whether the measures in question are intended to develop employee competences and are provided as part of a company training plan, take place during a so-called reskilling period or, even more significantly, form part of a programme proposed by employees exercising their individual right to training, they may take place (within certain limits) outside of normal working time. This is a concession but also a significant shift in the trade unions' point of view, since it amounts to recognition of the principle of co-investment and joint responsibility (which also has some of the characteristics of individualisation) and an abandonment of the argument that all training should take place within normal working time.

These changes have led to the emergence of a curious legal regime governing what might be described as a 'grey' period (Favennec-Héry 2004). Employees in this 'grey' period are still under contract and enjoy various forms of social protection (accident, social security). However, they are taking part in training programmes held outside of normal working time but as part of individual 'contracts' concluded with their employers. There is no wage in the strict sense of the term but, under the rules governing the individual right to training, employees do receive financial compensation, since their employer has to pay an allowance equivalent to 50 per cent of their basic wage. Under the new legal regime governing this 'grey' period during which employees are developing their competences, the cost of this development has been imputed, at least in part, to individual employees, since they are giving up their free time.

## Conclusions

It is as yet too early to assess the effect this agreement will have on training practices and policies. After all, although it lays down a new framework, its provisions are procedural rather than substantive in nature. To a not inconsiderable extent, the actual conditions of its implementation will be decided during negotiations held at industry and company level. These negotiations are in process. The solutions adopted are likely to differ from industry to industry and from firm to firm. For example, some industries have ruled out the possibility of incorporating so-called 'concession clauses' into their collective agreements, which would allow companies to derogate from the provisions agreed at industry level. In others, such clauses have been a cause of major disputes with the trade unions, who in some cases have walked out on the negotiations. Nevertheless, it can reasonably be supposed, contrary to MEDEF's initial, that most of the bargaining will lead to a conventional outcome, with the inter-industry clauses laying down the ground rules for the industry-level clauses, which in turn will provide the basis for the company-level clauses. Thus in the case of the individual right to training, for example, some industries and some firms have already adopted certain more favourable provisions, including the reintegration of all continuing training into normal working time, transferability between firms in the same industry and, in some cases, the immediate granting of the entire entitlement of 120 hours training to employees with a certain level of seniority within the company.

Some of these new clauses reinforce the French mode of 'neo-corporatism': they increase the power of the training funds management bodies, link individual training rights to seniority and are less favourable to workers who change employer. Thus they can be interpreted as a continuation of the principles by which French internal labour markets and the French industrial relations systems operate. This was not MEDEF's initial objective. As things turned out, however, the pressure exerted by the major manufacturing industries and their alliance with certain trade unions led to more limited changes than were originally planned. This has revealed the limits of reform processes initiated and managed by the established social actors. These limits are all the more evident since the state has appeared to be permanently in retreat, confining itself to noting the decisions taken by the social partners, and the regional authorities, who are now in charge of most public policy on initial and continuing training, were not involved in the process. Nevertheless, and to dissent from Culpepper's point of view (2002, 2003), this is less a problem with the management and sharing of information within a process of reform than one of the coordination and synchronisation of the actors in the structural management of the reform.

Despite these limits, other clauses, notably the individual right to training, the training passport and the increased recourse to the validation of knowledge and know-how gained from experience can be considered as more radical changes and ones that mark a break with both internal labour markets and the established system of industrial relations. Firstly, they place greater emphasis on individual workers' initiative with a view to increasing occupational mobility. Secondly, by accepting the principle of this individualisation, and the concomitant shifting of part of the cost on to individual workers and the establishment of a 'contractual' dialogue between employees and employers, the trade unions have departed significantly from a model based on single collective guarantees. True, we are dealing here with a form of individualisation governed by collective agreements. Nevertheless, it will require new forms of trade union intervention in order to provide direct support to individuals in their relations with their employers as they seek to construct their individual career plans. This opens the door to a new concept of trade union action and to new spaces in which trade unions might intervene. However, it is by no means certain, given the weakness of the trade union movement in France that the forces capable of driving the development of this new approach are actually in place.

The dynamic of this individual right to training is probably one of the key factors that will determine the extent of change. However, it also constitutes a particular challenge for the trade unions. If employees exercise their new right and demand reaches a significant level, then this will have an impact on training policies across the board. Since training programmes put together by individuals taking advantage of their new rights are a priori longer and have to lead to a certificate or diploma, they are likely to play an increasingly important role in occupational mobility and in the evolution of the rules governing the labour market, leading to fewer internal markets and more occupational markets.

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## ANNEX 2 – SEMINAR FINAL PROGRAMME

### Monday 17 January

**First session - Main challenges and new developments in the EU**

This session aims at:

- Setting the scene by making clear the challenges for the ETF in organising this seminar;
- Providing an overview of the developments of CVT in companies in the EU countries and;
- Insisting, in particular, on the role played by the EU Social Partners through the Framework of actions for the lifelong development of competencies and qualifications.

**Chair: Arjen Vos**, Head of Department, ETF

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| 09:00 | Welcome Address<br>Arjen **Vos**, ETF |
| 09:15 – 09:30 | Introduction to the Seminar<br>Jean Raymond **Masson**, ETF |
| 09:30 – 09:50 | An overview of trends and challenges in the EU<br>Pascaline **Descy**, Cedefop |
| 09:50 – 10:15 | Discussion |
| 10:15 – 10:35 | The view of EU Social Partners, Employees side<br>Petri **Lempinen,** ETUC |
| 10:35 – 11:00 | Discussion |
| 11:00 – 11:20 | Coffee Break |
| 11:20 – 11:40 | The views of the EU Social partners: Employers side<br>Heikki **Suomalainen**, UNICE |
| 11:40 – 12:05 | Discussion |
| 12: 05 – 12: 25 | Better use of competences as a resource in companies<br>Sveinung **Skule**, Norway |
| 12:25 – 13:00 | Discussion |
| 13:00 – 14:30 | Lunch Break |

**SECOND SESSION –COMPANIES' INITIATIVES IN HUMAN RESOURCES DEVELOPMENT**

The aim of this session is to clarify the HRD challenges at company level in the context of lifelong learning and to present some initiatives taken by companies and/or intermediary institutions such as sectoral or regional organisations or chambers of commerce

**Chair: Arjen Vos,** Head of Department, ETF

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| 14:30 – 15:00 | A case in Ireland: learning at work in Irish companies<br>Mary **Fitzpatrick** / University of Limerick) |
| 15:00 – 15:30 | Discussion |

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| 15:30 – 16:00 | A case in France: From the needs analysis to the training plan in French businesses<br>Françoise **Davesne** UIMM / CODIFOR |
| 16:00 – 16:30 | Coffee Break |
| 16:00 – 16:30 | Discussion |
| 16:30 – 17:00 | A case in France: Training for low qualified people in French SMEs<br>Jacques **Terrenoire** BBA |
| 17:00 – 17:30 | Discussion |

## Tuesday 18 January

### THIRD SESSION - THE ROLE OF PUBLIC POLICIES IN STRENGTHENING HRD IN COMPANIES

This session will focus on the national policies aimed at fostering HRD in companies, with particular reference to most recent initiatives.

**Chair: Elena Carrero-Perez**, Acting Head of Department, ETF

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|---|---|
| 09:00 – 09:30 | The French approach<br>Philippe **Mehaut,** LEST |
| 09:30 – 10:00 | Discussion |
| 10:00 – 10:30 | The Irish approach<br>Lucy **Fallon-Byrne**, National Centre for Partnership and Performance |
| 10:30 – 11:00 | Discussion |
| 11:00 – 11:15 | Coffee Break |
| 11:15 – 11:45 | The Spanish case<br>Ricardo **Guisado**, Fundacion Tripartita |
| 11:45 – 12:15 | Discussion |
| 12:15 – 13:00 | General Discussion |
| 13:00 – 14:30 | Lunch |

### FOURTH SESSION - LESSONS FOR THE ETF

This session aims at providing a wide discussion among ETF staff and the international experts on the basis of the previous sessions. It will be structured along some key questions closely linked to the main actors identified and the main lessons coming from previous sessions. It will aim at providing a wide debate between EU and ETF experts on these questions in relationship with the specific context of ETF projects and initiatives.

**Chair: Ulrich Hillenkamp**, Deputy Director, ETF

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| 14:30 – 15:15 | **Questions at company level**<br>▪ **How to increase awareness of companies about the benefits of investing in skills development?**<br>▪ **How to remove barriers** to training by organising SME training on regional or sectoral basis and so doing by mutualising and decreasing costs and risks? |

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| | ▪ **How to develop and spread the practice of competence development plans for all employees at the workplace and how to link them with** career development policies and the business strategies of companies, in particular by transforming personnel units in companies in professional HRD units?<br><br>Introductory Speech<br>Robert **Teunissen**, ETF |
| 15:15 – 16:00 | **Questions at public policies level**<br>▪ **How to set up and to implement comprehensive policies** based on partnerships and aimed at promoting both competitiveness and employability, based upon incentives for both employers and employees, combining financial with non-financial incentives including validation of non-formal and informal learning, and developing capacity building on HRD?<br>▪ **How to increase the quality of the education and training systems and make them more flexible and responsive** to the needs of the labour market, the individuals and the society, introducing core competencies aimed at ensuring better links between initial and continuing learning, facilitating the creation of a quality training market and setting up institutions and networks aimed at bringing closely together education, training and businesses?<br><br>Introductory speech<br>Deirdre **Lennan**, ETF |
| 16:00 – 16:15 | Coffee Break |
| 16:15 – 17:00 | **Questions related to Social Partners**<br>▪ **How to develop Social Partners' professionalism** in issues linked to human resources development in companies, particularly SMEs, and how to make benefit from the experience in the EU with the Framework of Actions?<br>▪ **How to set up a real dialogue between employers' organisations and employees' unions** on issues linked to training at the workplace and how to organise a real partnership on these issues between them and the state representatives at all levels?<br><br>Introductory Speech<br>Arjen **Deij**, ETF |
| 17:00 – 17:30 | **Conclusions and follow up**<br>Ulrich **Hillenkamp**, ETF |

**ANNEX 3 – LIST OF PARTICIPANTS**

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|---|---|
| **FINLAND** | Mr Petri LEMPINEN<br>Education Advisor<br>European Trade Union Confederation<br><br>Mr Heikki SUOMALAINEN<br>Senior Advisor<br>Confederation of finnish Industries EK |
| **FRANCE** | Ms Françoise DAVESNE<br>Director<br>Human Resource Department<br>CODIFOR/AFPI Internationale<br><br>Mr Philippe MEHAUT<br>Director<br>Laboratoire d'Economie et de Sociologie du Travail<br><br>Mr Jacques TERRENOIRE<br>Project Manager<br>Foundation Scientifique de Lyon et du Sud Est |
| **IRELAND** | Ms Lucy FALLON-BYRNE<br>Director<br>National Centre for Partnership and Performance<br><br>Ms Mary FITZPATRICK<br>Researcher/Lecturer<br>College of Business<br>University of Limerick |
| **NORWAY** | Ms Sveinung SKULE<br>Research Director<br>Fafo Institute for Labour and Social Research |
| **SPAIN** | Mr Ricardo GUISADO<br>Head<br>International Relations<br>Fundacion Tripartita |
| **CEDEFOP** | Ms Pascaline DESCY<br>Project Manager<br>Area A - Developing Research Reporting<br>CEDEFOP |
| **ETF** | Ms Elena CARRERO PÉREZ<br>Acting Head of Department<br>Department for the Mediterranean Region<br><br>Mr Arjen DEIJ<br>Department for Enlargement and South Eastern Europe<br><br>Mr Haralabos FRAGOULIS<br>Department for Enlargement and South Eastern Europe<br><br>Mr Ulrich HILLENKAMP<br>Deputy Director<br>Directorate<br><br>Ms Deirdre LENNAN<br>Tempus |

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| **ETF** | Mr Jean Raymond MASSON<br>Department for Enlargement and South Eastern Europe |
| | Mr Vincent MCBRIDE<br>Directorate |
| | Mr Robert TEUNISSEN<br>Department for Eastern Europe and Central Asia |
| | Ms Evelyn VIERTEL<br>Department for Enlargement and South Eastern Europe |
| | Mr Arjen VOS<br>Head of Department<br>Department for Enlargemet and South Eastern Europe |

## ANNEX 4 – References and Suggestions for further reading

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## ANNEX 5 – HANDOUTS

**LIST OF HANDOUTS**

**P. DESCY**, Cedefop

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