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STRENGTHENING THE INCENTIVES AND MOTIVATION FOR ADULTS TO LEARN

There is evidence that lack of motivation on the part of the individuals is one of the main reasons why participation is low. Clearly, sustainable incentive mechanisms have to be found if the situation is to improve. Findings suggest that adults who need to learn are often not aware of it or would deny it – even when it comes to basic literacy skills. Surveys also show that the most active learners are already highly qualified. In short, learners are in most cases already convinced of the value of learning.

Chapter 5 describes some of the barriers to work on removing and the incentives to be put in place to improve participation. The latter range from advertising the overall value of learning beyond the workplace (social value, citizenship, etc.) to making obvious the economic benefits of learning (increased productivity for the company and better employability of the worker). A range of good practices are described throughout the chapter; the most relevant of these concern the right to study leave, the scheduling of the learning activities, and financing schemes such as individual learning accounts. Special emphasis is also placed on groups at risk; those with obsolete qualifications or low educational attainment; workers in SMEs; and older workers or the unemployed. Professional promotion or immediate reward is not always the answer to improving incentives to learn. Better communication should be established around the value and the joy of learning, and greater attention paid to making individuals freer to resume learning.

5.1. Covering learning needs – the challenge

The initial reasons for learning – personal vs. professional – tend to blur over time

Although the initial motivations of learners are no doubt clear – they always know why they are embarking – once they have completed their education or training, it becomes increasingly difficult to distinguish those who underwent the training solely for personal or for employment-related reasons.¹ This is all the more true as time passes and individuals rationalise their past decisions in the light of more recent events. Training undertaken for personal reasons may well lead to a new job or to a change in professional orientation. Similarly, employers may need to train their staff in basic reading when introducing new machines that require workers to have adequate reading skills in their own language in order to follow instructions. However, since the needs of employers and of the labour market in general are more specific and often better defined, the incentives and motivations of learners with specifically employment-related aims will be addressed separately in Section 5.2. Finally, Section 5.3 discusses specific issues related to training for the unemployed.

Training inequalities are linked to lack of motivation

This section addresses those needs that are not *a priori* directly employment-related. It focuses on two findings. First, there are inequalities in training opportunities. Second, these inequalities are to some extent linked to a lack of motivation. Chapter 6 will look in depth at the other aspect of these inequalities: the absence of a pedagogical approach and practical training methods suited to adults.

Those in need of training do not know... or deny it

The basic skills of reading, writing and arithmetic, theoretically beyond motivation...

It might well seem that the logical starting point for discussing adults' learning needs would be to identify their aspirations in this regard. Part of the literature on education and andragogy² clearly explains the necessity of having adult learners create their own learning project, or at least the need to help them define the goal of their learning activity (project-based pedagogy – Chiousse, 2001). This section will start from an even more elementary premise about which there is a good deal of consensus, *i.e.* that there are certain basic needs, such as reading, writing and arithmetic, that are not necessarily connected with any personal or employment-related plans or specific project (unless "project" is defined in very broad terms). If it encompasses the ability to live in a modern society, to use all its services, then reading, writing and arithmetic are also projects. However, the situation is not as simple as that, because the very next question is: what needs have to be provided for by the community and, also perhaps, regulated centrally? In the case of a personal project, the need for public policy is more debatable – but that debate must take place. If the view is that every citizen has the right to be able to read, write and count, then there should be financial and other assistance provided.

1. For the sake of simplicity, the term "general education" is used for the former and "vocational training" for the latter.
2. Pedagogy for adults. Pierre Goguelin uses the term "andragogy" in his work published in Paris in 1970. The term is used especially in Canada in courses with the same name, and is defined as the "science and field of social practice whose specific objective is the link between educational assistance and adult learning" (*meq.gouv.gc.ca*). See also Chapter 6.

Individuals are not necessarily aware of these needs – in fact, it is rare that they are. One of the arguments that will be put forward here is that basic education needs have nothing to do with any kind of project in the normal sense – they are simply necessary to function in the countries covered by the thematic review (OECD and Statistics Canada, 2000). There are a wide variety of situations in which good reading skills or basic arithmetic skills are vital, such as reading the instructions on a fire extinguisher during a fire or the directions for the dosage of a drug to be administered to a small child. Apart from such drastic examples, many situations unconnected to any concrete project require adults to have basic skills.

***... are necessary
to survive
in the countries studied.***

Describing and analysing what motivates adults to learn is one of the hardest challenges for the thematic review. It is in fact a twofold task, for it also means understanding why some people with learning needs do not participate in learning. Information and data sources are relatively scarce on this point, precisely because the institutions in charge of adult learning have little contact with that public. In many cases they only see those who come to learn, rarely those who do not. It came as no surprise that relatively few opportunities arose to meet with adults who cannot or do not want to learn during visits to the nine countries covered by the thematic review.

***Non-participation is,
naturally enough,
difficult to research.***

The problem is partly one of observation (for lack of subjects), but it no doubt goes even deeper than that. The adults most in need of education and training are also those who refuse to acknowledge that need. For example, when an International Adult Literacy Survey (IALS) questioned persons with varying prose literacy levels – the criterion that most closely matches reading proficiency – those individuals with the lowest literacy levels (Levels 1 and 2) frequently did not think that they need training (Figure 5.1). At prose literacy Level 1, more of them replied that their reading skills are “excellent” (12.9%) than “poor” (10.6%). At Level 2, 80.8% stated that they have “good” or “excellent” reading ability. Consequently, it appears that many adults overestimate their real ability to understand a text and react appropriately or make adequate decisions on the basis of what they read. Similarly, of those who think that they have “excellent” reading skills, at least one of every four adults are at Level 1 or 2 on the prose scale, almost as many people as those actually at Level 4 or 5. Individuals’ lack of objectivity about their reading level³ is even more flagrant for those who say that they have good skills: about 50% at Level 1 or 2, as opposed to barely 13% at Level 4 or 5 (Figure 5.2).

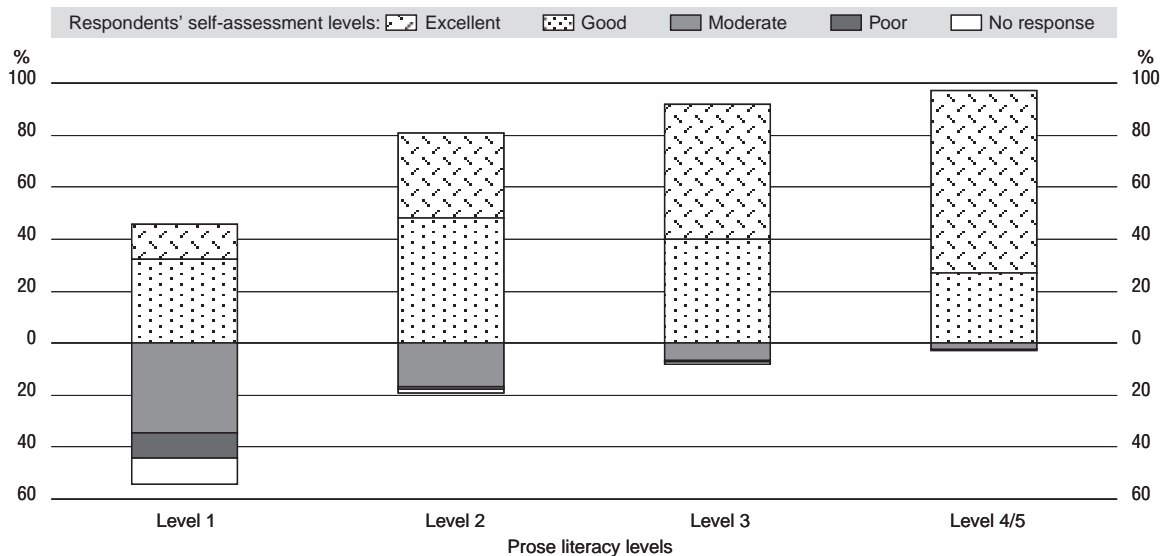
***Those persons most
in need of education
and training refuse
to acknowledge that
need...***

The IALS makes it possible to take this part of the diagnosis of adult learning needs a step further. It appears that the individuals most in need of training and education do not believe that their lack of basic skills hinders their career advancement or their ability to find or change jobs. Of those adults who say that they are not at all limited in their opportunities for promotion or mobility at work, four out of ten are at Level 1 or 2, as opposed to only two out of ten at Level 4 or 5 (Figure 5.3).

***... nor do they believe
that their lack of basic
skills hinders job
prospects.***

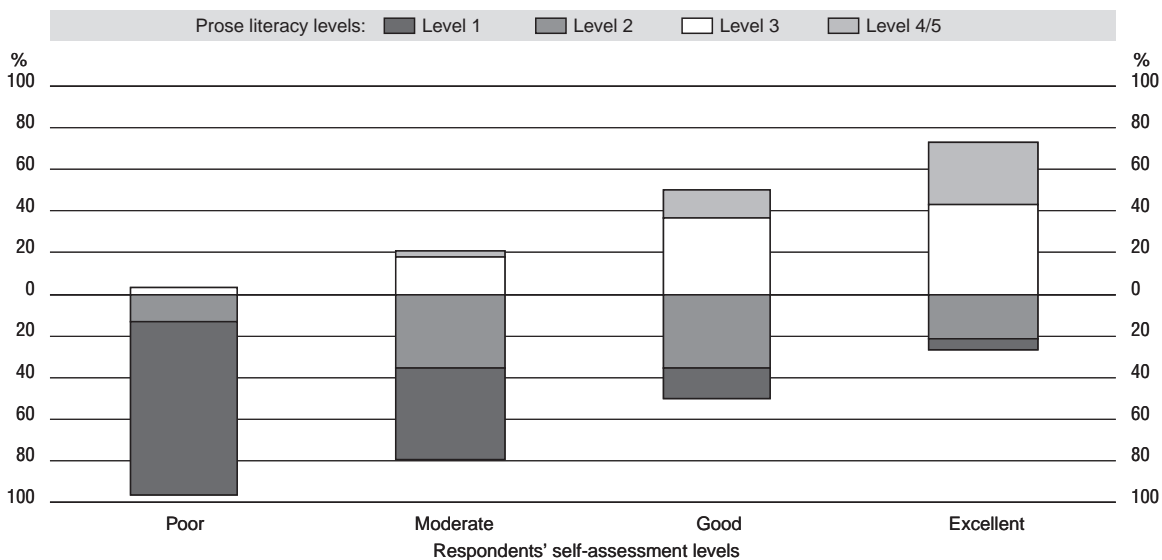
3. Further evidence shows that the situation is much the same for their writing and arithmetic skills.

Figure 5.1. **Self-assessment of reading skills by prose literacy level**
 Percentage of population 25-64 years old at each self-assessment level by prose literacy level, 1994-98



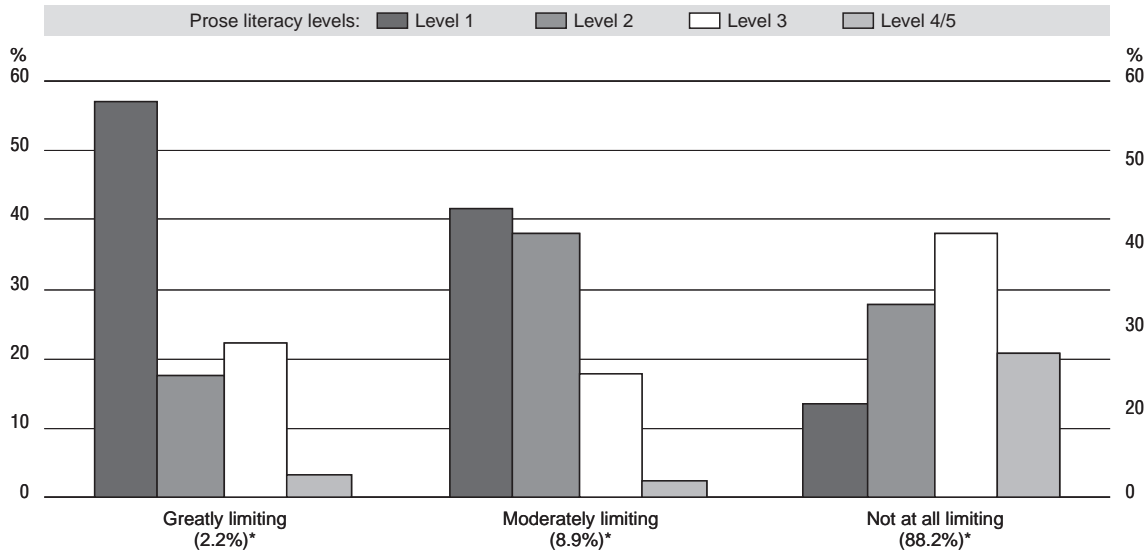
Source: International Adult Literacy Survey, 1994-98.

Figure 5.2. **Prose literacy level by self-assessment of reading skills**
 Percentage of population 25-64 years old at each prose literacy level, 1994-98



Source: International Adult Literacy Survey, 1994-98.

Figure 5.3. **Prose literacy level by response to whether reading skills limit opportunities at work**
Percentage distribution of literacy levels within each response for population 25-64 years old, 1994-98



* Distribution of all responses.

Source: International Adult Literacy Survey, 1994-98.

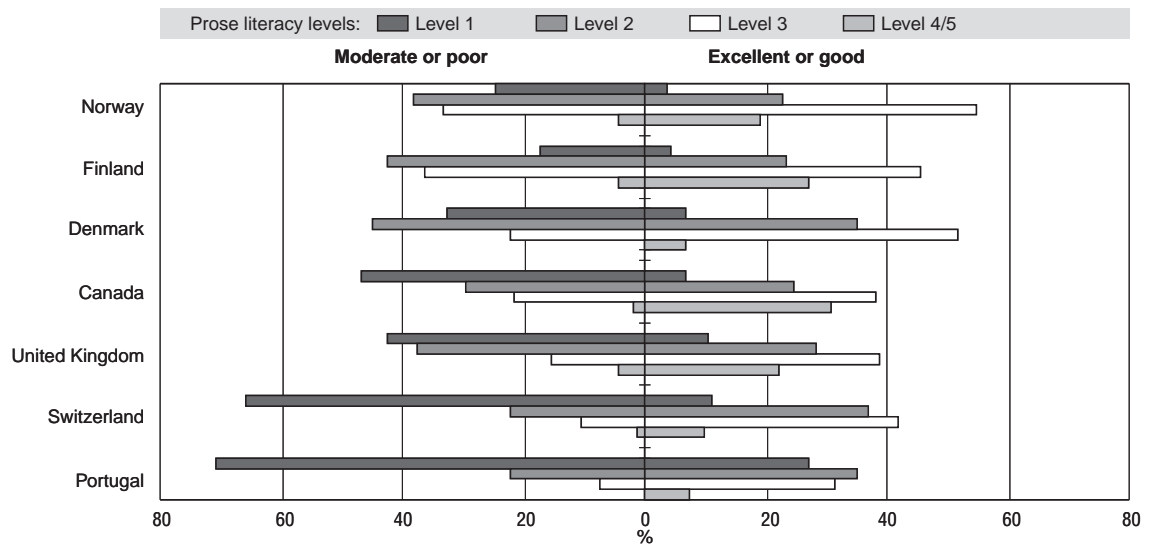
These results, although convergent, must clearly be treated with caution since they raise a number of complex issues, in particular regarding the literature on individuals' self-assessment of performance. For example, the fact that individuals do not think that their possibilities of being promoted or of finding a new job are limited by their poor reading skills is not necessarily due to a lack of self-knowledge. One-third of them recognise that their reading skills are poor, but still do not believe that they limit their opportunities at work. It is simply that the job they hold only requires a low level of basic skills, or that the individuals themselves have no career ambition. It is also clear that there are many explanations for the second set of results on employment opportunities (Figure 5.3), the most obvious of which concerns skill profiles. Naturally enough, the least skilled individuals are also those who hold jobs that require the fewest skills, and their lack of skills is not necessarily apparent. They are also, by extrapolation, the least likely to seek career advancement since many of them say that they do not suffer from any handicap in this respect. That could be dismissed as a tautology were it not for the fact that raising the skill level have an impact on economic growth, individual well-being and wider societal benefits such as citizenship or greater participation in society.

The first set of results (Figures 5.1 and 5.2) is interesting because it shows that there is no natural, spontaneous demand for government to raise skills such as basic literacy on the part of the natural target populations of such initiatives. This fact, which was established directly by the IALS, was also confirmed by a series of field observations conducted during the thematic review visits, and is widely referred to in the literature on this topic. During

Those results may stem from complacency in low-skill jobs, but they are still cause for concern.

Data indicate that these groups are not demanding any government initiatives to raise basic skills.

Figure 5.4. **Prose literacy level by self-assessment of reading skills in selected countries**
 Percentage of population 25-64 years old at each prose literacy level by self-assessment level in selected countries, 1994-98



Note: The countries are ranked in ascending order in "Excellent or good" and "Level 1".
 Source: International Adult Literacy Survey, 1994-98.

the interviews with the expert teams, many educators and field staff in all the countries visited said that people who are known to need remedial education in their own language are unwilling even to consider this possibility, for a series of reasons that the review was able to identify (outlined later in this section).

Country differences and time frames are important variables in addressing resistance.

These observations also highlight the necessity of explaining properly to adults in need of education the benefits that they can derive from improving their skills. It is also necessary to develop a sound system of incentives. Obviously, the number of adults convinced of the need to learn is very unevenly distributed and the idea of a cultural dimension to learning or wanting to learn is to some extent borne out when these results are broken down by country (Figure 5.4). The interesting question in this case is not so much how countries compare, but rather the degree of resistance to change in people's attitudes within countries. Although there can be no precise answer to this question without longitudinal data, it can be assumed that if the attitudes of the populations with the greatest adult learning needs can be changed in a reasonably short period of time – less than a decade, for example – then the policy to be implemented will certainly not be the same as it would be if one is talking about the long or very long term. Judging from the results of the research (with the IALS or the ALL⁴ survey, for example), it is important to think in terms of the time-frame into which the initiatives must fit.

The tradition of reading in Sweden, which arose from the fact that young people who wanted to get married had to be able to read the Bible, is very old. It is worth mentioning in passing that the tradition of writing in Sweden is not nearly as strong, which shows clearly that there is nothing predetermined or culturally *ex nihilo* about learning; rather, always, it is the outcome of a coherent and persuasive system of incentives. Another explanation regularly given for Sweden's strong performance on literacy tests (and the IALS in particular) is the fact that foreign films shown there are always in the original version with Swedish subtitles, which means that Swedes who want to understand the dialogue must be able to read the subtitles in their own language (not to mention the incentives for learning foreign languages in Sweden, even if only orally). These examples show the importance of historical and cultural background to understanding a given situation, for there are two parallel but unrelated explanations (the Bible, the cinema) that clearly contribute to a tradition of reading.

Neither the Bible nor the cinema, however, are the responsibilities of the Ministry of Education, and so public policy recommendations cannot be made based on these observations. On the other hand, there is room for reflection on the nature of a system of incentives. Understanding the fundamental reasons behind a culture of learning proves useful in terms of international comparisons. An interesting example from this point of view is Portugal, where there are subtitles in the cinema, but Portugal's performance on the IALS scale cannot compare with Sweden's. It turns out that in fact most of the productions televised in Portugal come from Brazil, where the language is also Portuguese.

In short, the idea that some countries have a learning culture while others do not is simplistic and probably false. Firstly, there is a gradation in people's desire to learn, and this continuum is clearly perceptible when one visits countries as different as those covered by the review. Learning opportunities must, therefore, be provided in harmony with the nature of the investment that individuals are prepared to make. Next, this continuum is also found within the same country just as between different countries; what changes are the relative volumes across countries. Lastly, nothing is predetermined in this regard, since individuals' motivations can be changed by their environment, in response to a persuasive set of arguments. If the case is not stated the task becomes enormous, because incentives that are not mere catalysts⁵ only work if efforts are made to prepare the public well in advance of the learning. What learning involves has to be very precisely explained, and the best media for reaching target populations must be identified.

Adult learners are long-time converts

Although very difficult, it is nevertheless essential to attempt to describe and analyse what motivates learners and non-learners, since that is the key to improving adult participation in all kinds of learning activities.

The notion that some countries have a learning culture while others do not is simplistic.

Motivation, a key to participation, needs to be fuelled...

5. Some incentives in fact only act as catalysts, in that adults are already very inclined to learn. These already highly "educable", or "trainable" adults thus benefit from dead-weight effects, as it were: they would have learned in any case.

***... by swift results
in the case of sceptics
tempted to walk out.***

First, it should be pointed out that the distinction between adults who are convinced of the importance of learning – “converts” – and those who are not is no doubt one of the most pertinent distinctions in the study of adult learning. This approach raises issues in terms of pedagogical methods, financing, physical location and the kind of training provided. The reason those issues come into play is that there is a greater need to ensure that learning produces immediate results (when provided) to people who have been difficult to persuade of the benefits – or who, in any case, did not come to the training site on their own initiative. The interviews of the thematic review's expert teams have confirmed that these learners will often give up at the first pretext. The problem in fact is not so much to persuade adults to participate in education and training programmes, but to convince the few adults that have been persuaded to stay. That applies regardless of the motive for learning, whether professional or personal.

***Financing and other
support is crucial
to those who may prove
hostile to learning.***

Thus the method of financing is an important issue for the converted and probably even more crucial for the more sceptical, even though free provision is known to be a necessary rather than sufficient condition. It is essential to cover related costs (childcare, transport, etc.) for less motivated learners, since everything is much more complicated to organise for individuals who will quit a training programme at the first opportunity. These adults, who are not convinced of the benefits of learning, must also quickly be made to recognise the usefulness of what they are doing if they are not to complain and/or disappear. Therefore, the issues of usefulness, financing, motivation, consistency of policy and return on training are much more relevant for the populations initially hostile to learning. And “hostile” is not too strong a word, as is borne out by stories of certain encounters in learning centres. School dropouts have at times shown hostility towards the act of learning, towards the education system in general, and towards the traditional teaching format that gives centre stage to someone who possesses and transmits knowledge while others form an all too often passive audience assumed to know little or nothing.⁶

Throughout the rest of this analysis, the distinction between those who are convinced of the benefits of learning and those who are not⁷ will be used in a cross-cutting approach, even though the breakdown of the sections does not directly reflect this dichotomy.

Adult basic education – the populations concerned

***Make basic education
the foundation
of progress – a valid
approach.***

Since it is often very difficult to differentiate between general education and vocational training, this section will just seek to define the needs of adults who are not well prepared to make their way in their own society, one that increasingly requires mastery of basic skills. Above all, it shows the validity of the approach that a number of countries have initiated: make basic education the foundation of all progress, even if it is undertaken specifically for employment-related purposes. Just as schools prepare pupils not only for the job market but also for life, adult learning has benefits that go well beyond employment alone. During

6. This argument is in fact somewhat more complex than it seems since passivity can sometimes be reassuring to adults who do not wish to be the focus of attention in a situation in which they are unsure of themselves.

7. To which a further distinction will sometimes be added – that between the “convertible” and those who are irremediably hostile.

the country visits, the expert teams observed a general but very full awareness that adult learning has an impact on the functioning of society as a whole (democracy, citizenship, etc.) and not only within firms.

Basic reading, writing and arithmetic skills are thus among the most important adult learning issues, as the IALS has shown. The orders of magnitude are open to discussion as are the ranking and absolute differences between countries, but the facts cannot be denied: a far from negligible portion of the population of the eight countries covered by the survey⁸ have difficulties in using their own language. In most cases, this does not mean they are unable to read a text, but rather that they are unable to draw the correct conclusions from a document that may contain text, images and/or figures. On the basis of the IALS, it is estimated that at least one-fourth of the adult population may not be able to fully participate in the society in which they live (Figure 2.1).⁹

Although the various studies clearly do not measure the same thing, they all concur as to the magnitude of the problem. Consequently, basic education has become one of the priorities of government action.¹⁰ It may be interesting to note that the population in need of basic education can be divided into those who never had access to it – described as “second chance” or remedial – and those who did go to school but have mostly forgotten what they learned because of lack of use or bad schooling experiences.

A somewhat more ambitious objective could be to target the upper secondary education level. This level, which is reached at the age of 18 on average and which in most countries gives access to tertiary education, is an excellent reference point as well as a concrete objective. It is a level with an inherent value, since it opens the doors to further high-level lifelong learning, both general and vocational. In fact, all countries visited that are currently passing legislation in this regard are more or less explicitly targeting upper secondary education. Norway has tackled this objective with their Competence Reform and Sweden in their Adult Education Initiative (Box 5.1). This can be done by giving all adult learners the right – and in some cases access and financial resources – to start or resume their education to achieve this level. Chapter 4 offers an overview of the different country policies to this effect.

It is worth noting that the level reached at the end of upper secondary education corresponds more or less to Level 3 on the IALS’ literacy scale. In this survey, Level 3 is considered to be the appropriate minimum level for coping with the demands of daily life and work (OECD and Statistics Canada, 2000). The level thus represents a clear objective, about which there seems to be a consensus. It is a preparation for the knowledge-based society, since it opens the doors to tertiary education and training with high technological content.

At least one-fourth of the adult population in IALS countries surveyed suffers from poor basic skills.

There are those who never had access to education, and those who did but have mostly forgotten what they learned.

The upper secondary education level, which roughly corresponds to IALS Level 3...

... could serve as a benchmark goal...

8. Spain did not participate in the IALS.

9. These figures may vary depending on the definitions used and the institutions that calculate them. Another study, in the United Kingdom, shows that “approximately one adult in five has a low literacy level” (Moser, 1999).

10. For example, the “Skills for Life” project was launched in the United Kingdom in March 2001.

Box 5.1. The Adult Education Initiative in Sweden

Sweden has mainstreamed the Adult Education Initiative, a five-year programme established in 1997, into its adult education policy. The Initiative was mainly financed by reallocating funds earmarked for passive labour market measures to active education and training programmes. There was a consensus that unemployed persons who lacked upper secondary school competence needed education in order to acquire a stronger position on the labour market. For this reason they should have access to educational opportunities, and not unemployment benefits, in the first instance.

The aim was to achieve an overall boost in knowledge among adults at the national level in a short period, providing those with lower levels of education the opportunity to study and thereby achieving a more equitable distribution of knowledge and learning opportunities between generations. At the same time the Initiative aimed at contributing to the reform of adult education, in terms both of content and working methods. The intention for all education and training that takes place under the Adult Education Initiative is to be governed in form and content by the needs, wishes and capacity of the individual. On the other hand, the municipalities are to plan the supply of training in co-operation with the employment offices and the social partners. Approximately 800 000 adults, almost 20% of the workforce, will have conducted full time studies at upper secondary level for at least one year during the five-year period of the Initiative.

Source: OECD (2000).

**... although
for certain populations
that goal is overly
ambitious.**

It also has drawbacks precisely because it is an ambitious objective. It is not attainable in the short or even medium term. It is going to be very costly in those countries where a very large fraction of the population has still not attained this level (Portugal¹¹). In order to minimise the financial costs and loss of motivation on the part of adults studying on their own, a policy of prior learning recognition is also required (Chapter 6). Lastly and especially, for the populations with the illiteracy problems referred to above, the level of upper secondary schooling is neither a reasonable nor credible objective. It could be highly demotivating to set such an objective given the all too obvious gap between the level from which they start and the level sought. It is well known from the research on andragogy that adults have to believe in the objectives they set themselves.

**“Leisure learning”,
though not represented
in basic adult education,
can also contribute
to well-being.**

There are also a vast number of learning needs that are useful, pleasant or necessary for adults to study, but which are not represented in adult basic education. Because these types of learning are difficult to define, they will be discussed in the context of the numerous themes that follow. They can include language classes before going on holiday, golf lessons, or subjects that are difficult to identify up front and thus to classify with certainty. An example may illustrate this: many observers and those involved may find it

11. It is absolutely essential to distinguish between the number of years of schooling adults may have, and the level of vocational qualification they have attained. Portugal is a perfect example of this. Although an appreciable proportion of adults have no more than six years of schooling, many of them have acquired a very high level of vocational skills. The debate on the recognition of prior learning is thus absolutely central.

difficult to accept that diving lessons be financed out of public funds or as part of vocational training. And yet, it could seem that, given individuals' new consumption patterns, leisure can become a significant component in an individual's well-being. Learning how to dive can therefore open up future employment opportunities in this sector.

A general approach focused on adults' learning needs could be complemented by an approach focusing on specific population groups. The visits to the nine countries covered by the thematic review revealed the existence of several such groups. As a general rule, highly qualified individuals were deliberately excluded from the review (OECD, 2000). Some countries like Portugal boldly decided to concentrate on individuals with low qualifications, even if it meant presenting their national situation in a less favourable light than is actually the case. It is not within the scope of the review to define all population categories in terms of their level of qualifications. Nevertheless, it is worth pointing out in this chapter on motivation that the learning needs of qualified individuals are usually well provided for, either by their firm or through mixed systems of assistance. Quite often, the most deprived are also provided for to a certain extent by the community (the state or voluntary or charitable organisations). On the other hand, what struck the experts in countries like Canada or Finland for example¹² was that the group immediately above the most deprived was not the core concern. And yet this group is very important: it comprises people who work but are on a low or minimum wage, and a large proportion of the unemployed covered by unemployment insurance or solidarity schemes. Their learning needs may not necessarily be urgent from the standpoint of the usual criteria, but a good number are mildly illiterate and need training in, *e.g.*, the basics of information and communication technologies (ICTs). These population categories should therefore probably be taken into account in the current debate on reserves of labour, since they can help reduce bottlenecks and limit potential shortages of skilled workers. This issue will be addressed in Section 5.2.

A description of the characteristics of learners and non-learners, and the analysis of the solutions that work in the countries visited, is given in the next section. It will be recalled that, while vocational training is explicitly dealt with in Section 5.2, the descriptions and analysis of learners' motives presented here – and of the manner in which they can be encouraged to learn – sometimes have a cross-cutting relevance and often apply to the whole population and all the possible forms of learning. Again, it is very difficult to draw a clear dividing line between basic education and vocational training.

The needs of specific population groups should be recognised.

Motivation cannot always be seen as relating exclusively to basic education or vocational training.

12. A particular difficulty – one due to the fact that the exercise consists of a field visit – is to know whether the opinions the experts arrive at following their visit are the outcome of adequate observation of the situation in the country, or whether there is an inherent bias stemming from the fact that they inevitably see only a tiny fraction of adult learning activities and those taking part. While the host countries did their best and even surpassed themselves to facilitate the experts' task, it is clear that choices have to be made when a programme is being drawn up, and it cannot be exhaustive. What is at issue, therefore, is the nature of the bias introduced.

Learners and non-learners

Non-learners can be divided into those who cannot learn and those who do not wish to.

In any discussion of learners and their characteristics, it is just as important to describe those who do not learn. A further breakdown of the non-learner group into those who cannot learn and those who do not want to learn has proved fascinating. It should also give food for thought to those implementing policies to encourage adults to learn.

Lack of “trainability” can stem from personal experience or an uncondusive environment.

The reason is probably simpler than it looks. Those who cannot learn are prevented, it can be assumed as a working hypothesis, by material constraints. Those who do not want to learn do not do so (also a hypothesis) for cultural reasons.¹³ As suggested earlier, here as elsewhere, the diagnosis has a direct impact on the remedy or remedies, since one clearly does not treat a material constraint in the same way as a cultural block. In the former case, people are probable “trainable” – *i.e.* they are willing to be educated, or at least they are not hostile to the idea of starting or resuming learning if the barriers that prevented their access to education are lifted. In the second case, the “trainability” of individuals is largely impaired by personal experience or an environment that is not conducive to education.

Policies need to take account of extreme reluctance and even hostility.

The discussion that follows, therefore, attempts to distinguish between learners, the trainable and the non-trainable. The first learn in one way or another in a formal or a non-formal setting, or deliberately in an informal setting. The second group does not learn but could imagine doing so if they were helped to overcome their constraints. The third group does not learn either and, furthermore, tends to be hostile to the very idea of learning. This does not of course mean that a suitable incentive scheme could not convince them. It is just that they are the hardest to convince and thus the most reluctant group. It thus makes sense to identify them as such in terms of the policies adopted.

The Matthew effect and the dead-weight effects

The least disputed result is the one clearly shown in Figure 5.5: adults with low levels of qualification participate less in learning activities than those with a high level. The ratio is the exact inverse with a distribution pattern of 15/85¹⁴ for individuals at ISCED¹⁵ Level 1 and 70/30 at ISCED 6 or 7. The pivotal point is the central level: 51/49 – virtual equality – at ISCED Level 3. This has been called the Matthew effect, referring to the Bible: “Unto everyone that hath shall be given, and he shall have abundance”. Applied to learning, it is those who have higher educational attainment levels that learn more. Two issues arise, which are treated very differently in different countries.

Qualification levels could be made the criterion for financial assistance.

The debate on dead-weight effects again surfaces. It can be argued that if individuals who learn would do so regardless of public support, then public assistance for them should be reduced. It should, however, be clearly understood that there are no obvious ways of distinguishing “opportunists”¹⁶

13. To simplify the argument, the word “cultural” is used here in a very broad sense. It includes, for example, a psychological block resulting from a disastrous schooling.

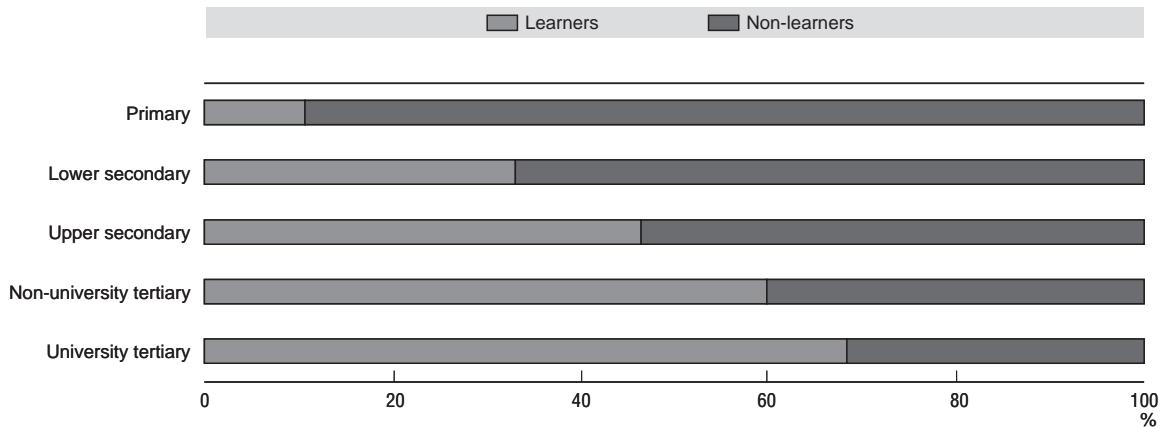
14. 15% learn and 85% do not.

15. International Standard Classification of Education.

16. In terms of dead-weight effects.

Figure 5.5. **Learners and non-learners by educational attainment**

Percentage of population 25-64 years old by educational attainment who is learning or not, 1994-98



Source: International Adult Literacy Survey, 1994-98.

– the convinced who receive financial assistance – from those who would not learn without such financial assistance. One way may therefore be to go by level of qualification: there would be no assistance, at least financial, for people above a certain level. This is how it is viewed in Denmark, Norway and Sweden, for instance, where free education is provided to everyone who has not reached a certain education level. This approach nevertheless causes problems – especially in terms of equality, as two individuals with different levels of qualification receive different coverage.

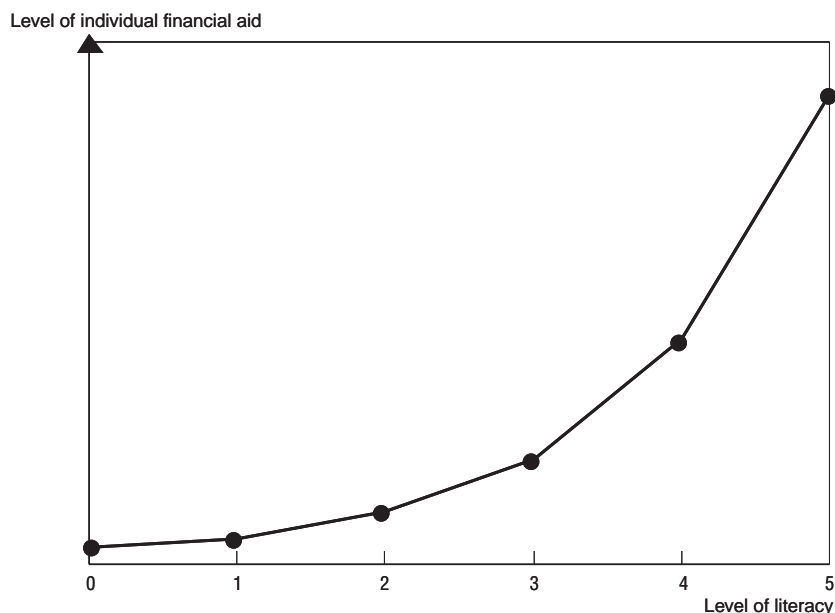
The approach also places the debate on vocational training and higher vocational training at the top of the agenda. Linking learning to its immediate purpose and the degree of personal motivation is an interesting approach to financing it. However, this solution has not yet been put forth, and approaching it in the terms depicted in Figure 5.6 is only a starting point.

There are at least two reasons for suggesting that the level of literacy of an individual, for example,¹⁷ should be positively linked with the level of individual financial assistance (Figure 5.6). The first is the fact that there is a high risk when one tries to persuade individuals known to be little motivated. Employers and others concerned have little inclination to take that risk. By investing a small amount, and suggesting that employers invest a small amount, it may be hoped to convince them that the potential gains in return for a small financial risk are considerable. The second reason is that learning to read and write is less demanding in terms of teachers and teaching materials than training highly skilled technicians on high performance machines or blue-collar high-skilled workers. Moreover, from the viewpoint of

There are two arguments for positively linking financial assistance with levels of literacy.

17. Or any other clear evidence of an individual's level: level of qualification is among the most obvious.

Figure 5.6. Linking individual financial assistance and individual level of qualification



the firm's and potential productivity gains, the returns must justify their investment.

In cost distribution the figures may well prove the same for the low and highly qualified.

It is worth noting that overall spending might well be the same for the low-qualified group and for the highly qualified group: spending one currency unit on 100 individuals costs the same as spending 100 units on one individual. Again, this is just a very normative model; some examples of good practice are given in Section 5.2.

Willingness to learn, failure to enrol

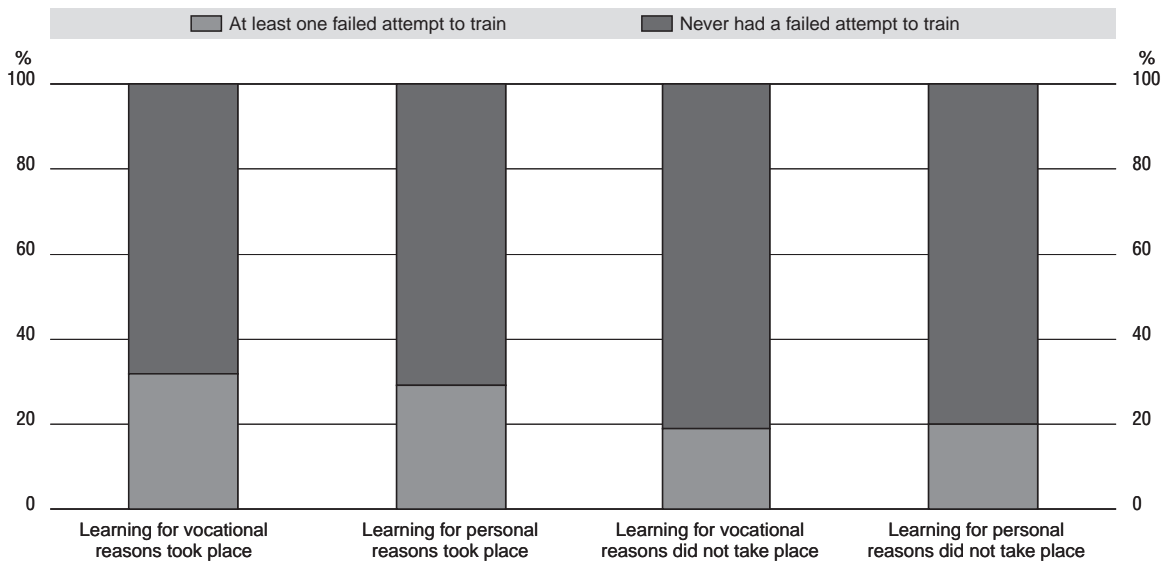
Many who finally receive education or training have experienced at least one failed attempt.

Some further evidence from the IALS is worth putting into perspective in a chapter on motivation to learn. Apparently there is an unsatisfied demand for learning, as Figure 5.7 shows: some people have tried to undertake education or training but have not been able to in the past 12 months. This does not mean that they have not learned at all,¹⁸ but they have not been able to at least during one attempt. Associated with the variable showing those who actually did gain access to learning, Figure 5.7 shows that among those who finally received some education or training, a quite large fraction found it difficult to do so: about a third (30% for vocational reasons and 28.2% for non-vocational ones). In addition, of those who did not receive education or training, a fair fraction tried (20% and 19.5%, respectively). In short, not all the individuals willing to learn are able to do so, whatever the reasons for learning.

18. The IALS may identify up to three periods of education or training over the past 12 months.

Figure 5.7. **Unsatisfied demand for learning**

Percentage of population 25-64 years old who could not participate in at least one learning session, by type of training, whether it finally took place or not, 1994-98



Source: International Adult Literacy Survey, 1994-98.

When one considers the unsatisfied demand for learning by level of qualification (Figure 5.8), it is clearly primarily the highly qualified adults who are frustrated in their ambition (33.4% at ISCED Level 6 or 7); less than 10% of those with a low level of qualification had their plans frustrated (10% at ISCED Level 1). Here too, the progression between the two extremes is perfectly even and the results are the same for both vocational and other training (albeit with a small inversion in the ranking for vocational training between ISCED Level 5 and Level 6 or 7). In short, the higher the level of qualification, the harder it is to satisfy the demand for learning.

Highly qualified adults are more frustrated in their learning attempts than those with low qualifications.

Existing or prospective incentives or barriers

This section, before coming to any recommendations that might result from the observations and analysis, mixes incentives and barriers because they are intrinsically linked. Creating the former often means getting rid of the latter and *vice versa*. This section also mixes existing incentives and those to be created, as well as existing barriers and those that might arise.

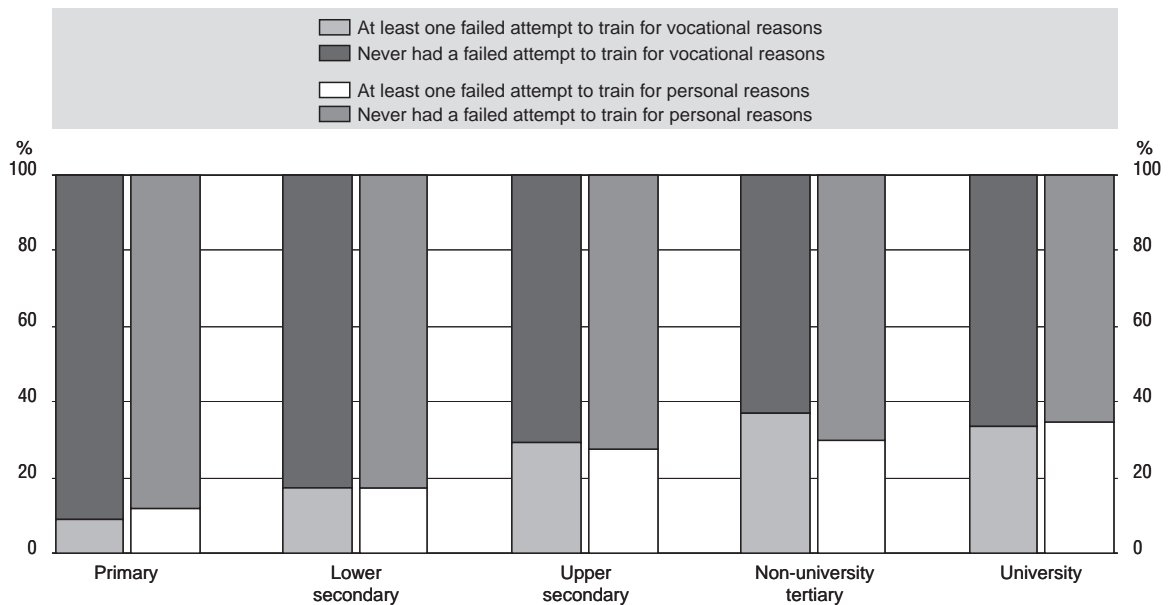
Place and form of training

There has been little innovation in how knowledge is transmitted. Teaching and learning is always based on more or less the same model: a teacher who transmits and learners who receive. Yet it is known that many adults have been turned off by the traditional school system. It is therefore hard to imagine that they would agree to learn in a setting that they fled when

Reaching those who earlier rejected learning means breaking with familiar patterns...

Figure 5.8. **Unsatisfied demand for training by educational attainment**

Percentage of population 25-64 years old who could not participate in at least one training session, by type of training and educational attainment, whether training finally took place or not, 1994-98



Source: International Adult Literacy Survey, 1994-98.

they left school. In that light, most efforts to break with lecture-type teaching methods are welcome.

... such as desynchronising the teacher-learner relationship in space and time.

There have been several attempts in that direction. Probably the most innovative is the one that involves desynchronising the relationship between the teacher and learner, both in space and time. Naturally it uses information and communication technologies and allows everyone to work at their own pace, in their own context. It is a major step forward precisely because it no longer demands a teacher and a group of learners to assemble in the same more or less confined space. It is a crucial venue for the future but it cannot be and probably can never be a universal solution because of the costs involved and the obvious cultural barriers for populations still very unfamiliar with advanced technology. Some benefits and drawbacks of these methods are covered in Chapter 6.

But technological barriers continue to pose problems, in spite of the computer revolution.

Before electronic communication media were developed so intensively, distance learning methods relied essentially on the post, radio, television and sometimes the telephone. Since the 1970s, computer-aided learning has been presented a solution for the future. The availability of interactive devices (CDs, interactive television, personal computers, etc.) has made this solution even more attractive. However, it runs into the same kind of problems mentioned in the case of ICT, cultural barriers to the technology and entry cost. The Open University in England made a deliberate decision to operate by exchange of documents through the post in order not to force students to buy or even arrange access to personal computers. The National

Distance University (UNED) in Spain has also chosen to increase virtual provision more and more, but still offers personal tutorials in their associated centres.

One interesting experiment is a network set up in New Brunswick, Canada, to allow access by everyone to computer equipment suited to modern needs and reasonably close to home. The McDonald Community Access Centre in Moncton operates as one of 230 resource centres in schools or community centres¹⁹ which allow four or five students at a time to be taught the basics of personal computing, the Internet and other applications or programmes. The interesting point, apart from the small size of the groups and the very good distribution of these centres across the province, is the idea of Internet access as a source of information. In this case, ICTs are both the goal of training and a tool, typically to take learning activities further or to look for a job.

Another way of dissociating teaching from the negative image it may have is to take it out of the normal classroom situation. Many initiatives can be cited: in Portugal, it was seen how facilities that existed already in the community – sports centres, associations, etc. – were used to promote and dispense learning in a familiar context (the “cuckoo” strategy). The cost savings remain a key argument. Folk high schools, like Örebro, in Sweden typically provide training that has little in common with a school timetables (training time is personalised) or a classroom (teaching is outside, in small buildings, etc.).

Bearing in mind the geographical aspect, critical in at least four of the nine countries visited (Canada, Finland, Norway and Sweden), distance learning – especially through ICTs – also allows the traditional drawbacks of lecture-type teaching, which is not very appealing, to be bypassed.

The benefits of learning

Encouraging adults to start learning again or start relearning, and showing them the potential return on the investment they have made, are making or are going to make is a top priority. Unless adults can be convinced that learning will give them something back – given that learning can be very demanding in time and effort – they will probably not invest in education or training.

On the vocational training side, the most obvious benefits are professional mobility, a better job, promotion, more responsibility, initiative or independence, and the recognition of a skill. During the country visits, expressions of self-confidence came up quite often in the discussion.

In slightly more general terms, a wide range of reasons may be given why adults are encouraged to learn. Acquiring basic skills (reading, writing, arithmetic) will open up a great many opportunities. Those responsible for delivering basic skills must concentrate on the task of convincing them. Many incentives can and must be suggested: the ability to read newspapers, to have access to information of all kinds (health, job advertisements), to use the broad range of services available in the society in which the individual

In Canada, there are resource centres where small groups learn how to use the Internet to further learning and seek jobs.

Teaching’s image can also be freshened by having it take place in novel settings.

Distance learning is an attractive alternative made possible through ICTs.

Adults must be made to see the value of learning.

Among the many benefits of vocational training, self-confidence was often mentioned.

Those delivering basic skills must convey to the sceptical adult how those skills can open the door to their world.

19. The one visited was in a residential centre for the disabled.

lives and, of course, ultimately, to use e-mail and other Internet services. One of the key reasons commonly found why adults learn is the idea of helping their (grand-)children in school. Acquiring status in the community in which one lives, having access to a form of social acceptance are also elements often mentioned by the people concerned and practitioners.

Creating incentives

Learning should be presented as a project with a clear goal.

To convince adults that learning is worthwhile, education and training must be offered in the context of a project, in the broadest sense, with a clear goal. The educational approach and the entire learning scheme must be suited to adults' needs, the pace at which they work and the many kinds of constraints they face.

Its particulars and cost must be tailored to fit the needs of the learner.

Cost should not be a hindrance. There are examples of free learning that has not been received with great enthusiasm, but there are also many instances where adults cannot obtain learning because they cannot afford it or because they cannot meet their other needs simultaneously (Figure 5.7). Whatever the case, the cost of learning must be consistent with the amount the individual is prepared to invest and the expected outcomes.

The ability to demonstrate the benefits of learning will always be a major plus for practitioners on the ground. In all the countries visited, it was mentioned time and again that word of mouth is by far the best method of circulating information about the value of learning. Clearly identifying the direct and indirect effects of learning is, of course, a challenge for those involved: successfully encouraging adults to come to learning sessions stems in part from meeting that challenge.

Barriers to avoid

Those whose desire for learning had been frustrated most often cited lack of time as the reason.

Barriers to be lifted to some extent echo the incentives to put in place – two sides of the same coin. The IALS highlighted the main barriers encountered by those whose desire for learning had been frustrated at least once during the past 12 months (Figure 5.9). It is quite clear that lack of time is the argument most commonly advanced. And so for populations convinced of the value of learning, and especially for purposes other than professional, enabling them to find the time is a crucial factor. This argument is very tricky because it also often leads to a sense of time-wasting for people learning, especially if they are not helped to manage some of their most pressing time-related needs. In the particular case of "lack of time", the IALS results also show the value of distinguishing between vocational and other training.

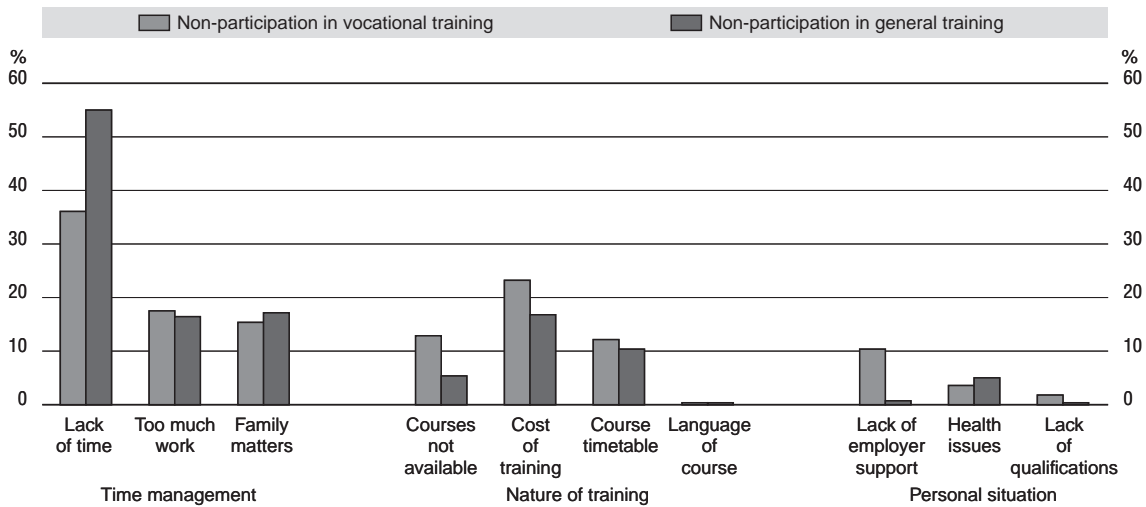
Lack of financing was the second major reason.

The second major argument used by people who could not satisfy their desire to learn is lack of financing. Overall, time and money are the two scarcest commodities. This is not really surprising, but the orders of magnitude teach an interesting lesson: finding time for adults and, to a lesser extent, subsidising them could solve much of the participation problem.

Practitioners of learning in general cite the psychological barriers.

In interviews, practitioners of basic (non-vocational) education said they thought the psychological barriers seemed large. In their view these were the main reason why those who do not undertake training do not do so. There is much talk of shame and fear of being the laughing-stock of the neighbourhood – proof that it is absolutely essential to dissociate adult

Figure 5.9. **Reasons for not participating in adult learning activities**
Percentage of population 25-64 years old, by reasons for not participating and type of training, 1994-98



Source: International Adult Literacy Survey, 1994-98.

learning from the notion of school or classroom. One also finds that those who do not go in for training at all often complain of the lack of support from those close to them (relatives and friends) or their employer.

It also has to be said that many adults who have given up learning see little value in it. Some are satisfied with their situation, from a family and financial point of view. Others attach more importance to leisure or voluntary activities of benefit to the community. Indeed many, not having a structured project or an ambition of some kind, see no point in “wasting their time”.

For others, learning simply is not one of life's priorities.

For those most at the margins of learning, there is another form of psychological barrier: fear of assessment. In a work environment, it can extend to fear of losing one's job. In other cases, it is fear of the consequences of possible failure (in front of the family, the neighbours, the children, other learners). For people who have very little desire for it at the outset, learning for fun, stripped of any form of assessment, seems the only possible springboard. Later, when it has been demonstrated that learning does not have to be a grind and is quite painless, more formal training plans can probably be introduced.

Then there is the prospect of assessment, which for many is indeed daunting.

Motivating potential learners

To conclude this section on motivation in general and individual incentives to learn, it is worth recalling the main messages, more or less explicit, gathered in the countries covered by the thematic review or that flow from the experiences and constraints identified during visits. They represent avenues to explore rather than general rules. They are not universally applicable but could represent interesting alternatives in some of the

countries covered. Lastly, they are not arranged in any specific order because no one idea necessarily works better than another, let alone all others:

- Establish and distil a clear political message which makes upper secondary education compulsory or, at the very least, strongly recommended as a base for future learning: that learning, like voting, is a duty as much as a right.
- Give everyone the means to undergo adult training or some form of lifelong learning. That is the aim of the laws that are being prepared in countries like Norway or Sweden on access to upper secondary education for all.
- Ensure that the end of compulsory schooling is determined by level rather than age. Although hard to achieve, this measure would give all young people the minimum needed to return to learning later. It would also be a strong incentive to finish school for those who wanted to leave early.
- Reach those most in need of training; use the media they themselves use, know and understand: television is a means of reaching some sections of the population that newspapers, magazines or brochures cannot reach, if only because some of them cannot read well enough. This would be especially useful in restoring the image of training as well as explaining its role and to play down the ins and outs (training for fun).
- Develop training without high stakes, training that is fun, to reconcile adults who dropped out of school and the system with the idea of learning. Show that learning does not have to mean compulsion, exams and evaluation, and possibly failure. Show, too, that learning does not have to lead directly to a review of the employee's position in the firm. Dissociate, for the unconvinced, the act of learning from any possible penalties for failure.
- Recognise all kinds of previous experience, at least if justified. Recognition could re-motivate adults, allowing them to pick up without having to demonstrate all over again what they know or can do. It also has an external value, in the labour market for example. This dichotomy must be better explained and incorporated in programmes and targeting of population groups.
- Set up pilot schemes to assess the speed with which the "culture" of individuals changes in relation to learning. The potential for convincing individuals of the value of training must be measurable at a lower, local level. It would be a valuable lesson for decision makers and those who design adult learning programmes. However, it must also be possible to convert pilot schemes into large-scale universal schemes.
- Build the scheme around the principle that people's motives for staying in training are not the same as those that made them come in the first place. That can call into question certain measures that do not distinguish between starting training and staying, but it should not overturn the entire panoply of intervention.
- Find optimal conditions for the transmission of knowledge, be they theoretical or practical (knowing and doing). Action should be built around the fact that the optimal way of teaching and getting people to

learn is not the same for everyone and can change over time for a particular person.

- Set reasonable objectives that are achievable in terms of basic skills (reading, writing and arithmetic), and at the same time institute ways of achieving them.
- Create observatories on how basic skills are acquired (self-taught or through the system) and how they are lost: longitudinal data.
- Carefully state the conditions under which e-learning works, bearing in mind local conditions; availability of personal computers, connection, form of invoicing of connection, etc. The conditions for success are numerous and certainly do not all apply everywhere.
- In firms, consider forms of time management that leave time for training. For people who are not in employment, take account of their time constraints.
- Construct a gradient of government intervention based on observable characteristics.

The two main messages which should come out of this section are that learning cannot, and must not, be just for vocational purposes. It also attempts to show that satisfying a need for non-vocational learning may have beneficial effects for the firm and, moreover, for subsequent investment in actual vocational and/or focused training. The second message is perhaps a cause for some concern. Those adults who most need to learn are the least motivated. And there is no way of escaping a fundamental debate on the system of incentives needed. It is much more than a simple question of culture.

In conclusion, there has been little innovation since the concept of the classroom with one or more teachers on one side and learners on the other. In the absence of such innovation, all the solutions proposed to educate or train adults are often no more than reproductions of the same model in a less strict and less formal framework (open air courses, smaller groups, more teachers, etc.). Attracting adults to learn thus involves efforts in other directions rather than challenging the school model. There are many solutions for captivating rather than capturing adults. All the countries in the thematic review are taking this line and there are areas where doing so is extremely necessary. Vocational training, the subject of the next section, is one.

5.2. Employment-related training

There are, as far as is known, no exhaustive quantitative or qualitative studies of what works and what does not work in vocational training schemes for workers. The objective of this section is thus to evaluate certain aspects. Employment-related training may be regarded as an investment in which the interests of companies and employees converge to make the former competitive and the latter employable. Companies have an interest in having well-trained workers with broad, flexible skills meeting the challenge of flexible specialisation. However, this interest may not be strong enough to ensure adequate investment in training by companies and workers. Training by companies involves costs to the employer because workers are not contributing to production while they are in training, or to the direct costs of training. Companies then tend to choose only investments from which they expect a high return. This state of affairs clearly leads to major inequalities for

Workers do not have equal access to training.

workers in access to training. One finds a chain of cumulative advantage for workers who are already qualified in relatively high professional status in large companies and a chain of cumulative disadvantage for low-skilled or older workers, those in small companies or on temporary contracts. Even in the case of highly skilled workers, the return on investment for companies is risky and, bearing in mind the possibility of “poaching” skilled labour in imperfect labour markets, companies often prefer to “buy in” skilled labour rather than invest in training.

Linking continuing vocational training, productivity and employability at the micro level

The direct value of continuing vocational training is still not sufficiently clear.

Promoting continuing vocational training raises the question of the returns it generates.²⁰ The lack of visibility of the favourable training outcomes in terms of benefits to companies as well as workers is a recurrent theme in meetings with researchers in this field, trade unions, human resources managers in companies or even trainees themselves. Yet these training actions appear to have a positive impact on both companies and workers.

One such value is improved productivity.

It would appear that by providing continuing training, company managers can expect to improve productivity. The little information available suggests that training does indeed increase company profits and those of the sectors concerned. A study of companies in the United States (Barron, Black and Loewenstein, 1989) shows that a 10% increase in training activities is accompanied by a 3% increase in labour productivity with only a 1½% increase in wages. A specific study recently carried out in the United Kingdom (Dearden, Reed and van Reenen, 2000) also shows that productivity gains are perceptibly greater than wage increases, which means a half point reduction in unit labour costs for a one point increase in training activities.

The economic context can sometimes force the hand.

It is also often the economic context that forces companies to restructure the skills of their workforce. This approach may be preventive in the context of skills auditing management or caring driven by a crisis. Dismissals may be accompanied by assistance with external retraining, in conversion courses for example. The case of a large enterprise like the post office is interesting as a halfway house between the two approaches. In Switzerland, the privatisation of post office activities led to the launch of a campaign to train workers to allow them to leave voluntarily. On the other hand, internal qualifying training for newcomers tends to be reduced. As the post office was traditionally the only enterprise in the field, it provided vocational training for its workers in the form of initial training; however, with the introduction of competition, a federal preparatory post office diploma became necessary. In

20. This subject has been analysed in other OECD publications (1999, 2001c). It will also be reviewed in the new activity launched in the Autumn of 2001 by the ELSA Committee on the subject of vocational training and its impact on economic growth. It has a dual objective: to provide Member countries with a) an empirical analysis of the contribution of vocational training to human capital formation and economic growth and b) a set of recommendations on policies largely initiated by the social partners which could result in more adequate investment by companies and workers in training.

Denmark, the post office is one of the country's largest enterprises with some 32 000 employees. A quality management budgeting exercise has led in recent years to numerous training measures. Under the Total Involvement in Quality (TIQ) programme, all permanent employees received qualifying training in an external training institution that led to a diploma. The aim was to motivate the workers and involve them as much as possible in the pursuit of quality.

For trade unions, the issue of continuing vocational training for adult workers primarily serves to enhance the employability of those trained. As few collective agreements include a clause linking training to wage rises, the main benefit of training for workers is not that it improves wages but that it makes it easier to keep a job or increases mobility in the external labour market.

Thus in Finland vocational training has been seen by individuals, especially during the high unemployment period of the 1990s, as a guarantee of being personally able to cope in the case of mass redundancies and find another job, if possible at a higher level. In Portugal, on the other hand, low-skilled men generally give priority to overtime that yields additional real and immediate income – unlike investment in training, where it is hard to see a return. The country note of Portugal emphasises that this factor seems to play a crucial role in the low-skills trap in which workers over the age of 35 seem to be caught.

Even if the return on investment in continuing training is uncertain, some individuals find it easier than others to make training a part of their qualification (and their wages). This is often true of those with the highest qualifications – who, as a rule, have the greatest access to training. There are also gradations between training measures which can inherently accentuate inequity. The best qualified and best equipped in socioeconomic terms are those found to be over-represented in training provision leading to a qualification appreciated by employers.

Even then, highly qualified workers are not all equal when it comes to training. They may have other characteristics that can offset their comparative advantage. Having seniority in a company may be a handicap in obtaining training, since training only pays back if it takes place in the early years of work. This is what is suggested by Brunello (2001), who carried out research in 13 European countries based on the European Community Household Panel (ECHP) as to how far initial education and continuing training are complementary. He shows that continuing training results in higher returns, measured as wage increases, for people who have taken higher studies and have less than 15 years' seniority than for those who have the same professional experience but are less well educated. Conversely, highly educated people with longer professional experience (over 15 years) obtain a lower return from a training activity than less well qualified workers with the same professional experience. The value is thus highest for people with a higher diploma and relatively short experience in the world of work. One of the reasons, perhaps, is that highly specialised initial training becomes increasingly obsolete over time. For less well-educated workers, the return derived from continuing

Trade unions are aware of training's role in promoting workers' employability.

Training for benefits comes most easily to the most highly qualified...

... but even the most highly qualified are not all equal.

training does not appear to vary, irrespective of their professional experience.

Synchronising macroeconomic policy and the training environment

The extensive model of investment in training is more conducive than the intensive model.

Two situations appear to coexist in the nine countries that participated in the review. On the one hand, in some countries, mainly the Nordic countries, there is a productive environment where continuing training tends to be extended to all workers in companies, especially as adult education has traditionally been valued by society. The investment in training model is extensive and the main problem is not to neglect certain groups of workers and companies that may be excluded from training, such as unskilled workers, older workers or those working in SMEs. The task, then, is primarily to develop measures targeting these groups at risk. On the other hand, in other countries, there is little systematic access to vocational training in companies; it depends very much on local, random initiatives by company directors and workers. The investment-in-training model is intensive and the priority is to establish a voluntary framework more conducive to promoting vocational training among all adult workers. From the outset, promoting an effective and equitable model is crucial, as the groups at risk are particularly liable to stay away from training measures in this unpropitious environment and efforts aimed at them must be supported by a strong political will.

Apart from cultural explanations a low-skills/low-quality equilibrium could persist.

The existence or otherwise of an environment conducive to adult education is rooted in the culture and traditions of each country, but it also depends on the country's level of specialisation and economic performance. Assuming the existence of an equilibrium between low skills and low quality, Finegold and Soskice (1988) showed that employers respond rationally to a whole range of institutional incentives and attitudes they have inherited. Supply and demand of intermediate qualifications are limited, because company managements focus their attention on quick returns and compete on the basis of low costs and low prices. Those among them who invest in enhancing skills will not necessarily use new skills, given that competition in the market is driven more by price than by quality. If these arguments prove to be true, a policy based solely on the supply of skilled personnel might not be very effective. People who raise their skills would continue, despite everything, to perform the same tasks as before. Their new skills would procure them only limited advantages and the incentives to invest in the acquisition of new qualifications would be reduced in the sense that it would be difficult to obtain sufficient benefits from that investment. This would lead to a low-skills trap, a vicious circle in which the supply of jobs that required little skill would encourage underinvestment in education and training.

A high-skills route demands changes in the educational and skill formation systems.

In this context, Ashton and Green (1997) argue that a high-skills route demands simultaneous change of the educational system and the skill formation system (Box 5.2). This implies the involvement of the main stakeholders: individuals, practitioners, social partners and policy makers. Any perceptible improvement in workers' skills requires attention both to the demand for skilled personnel by companies and the supply of skilled labour by workers.

Box 5.2. Five institutional requirements for following a high-skill route

1. The ruling political elites should be firmly committed to the high-skill route, and effect this commitment both in their general management of the economy and in their support of the education system.
2. A sufficient majority of employers should also be committed to both demanding high skills from their workforces and providing the means for acquisition of workplace skills on the job.
3. There should be an adequate regulatory system to control both the quality and the quantity of workplace training.
4. There should be sufficiently comprehensive incentives for virtually all young people and workers to acquire and to continue to acquire skills.
5. The education and training system should be sufficiently developed to allow workers to achieve a mix of on-the-job and off-the-job training.

Source: Ashton and Green (1997, p. 6).

Ways of escaping a low-skills trap are analysed in particular in the country note of Portugal. Apart from improving the initial education of young people, the key tool is programming an increase in the amount of working time devoted to continuing vocational training, until the economy tips from a low to a high equilibrium. The analysis, it is true, is theoretical, but observation of the countries of Southeast Asia in the 1980s, or Ireland in the 1990s, shows that this transition is possible even if it probably requires a high degree of co-ordination and cohesion among the various elements of economic policy. The problem is to synchronise training with industrial and economic policy on the one hand, and the evolution of industrial relations on the other.

The shift entails synchronising training with industrial and economic policy and industrial relations.

In the case of Portugal, industrial and economic policy as a whole is based on four kinds of training and qualification strategy. For the sector exposed to international competition, the stress is on the national policy of innovation, creation of higher technical education in information and communication, and the development of co-operation between businesses and universities. In the main, it is the under-35s who provide the thrust of this sector, which calls for adjustment in universities and professional institutions and the creation of short courses leading to specialist technical diplomas. A second pillar of the strategy concerns development of sectors linked to infrastructure and the environment, which require fairly diversified intermediate qualifications. There is also the question of restructuring the traditional sectors of clothing, furniture and agro-food industries as the result of competition from developing countries, which calls for enhanced average skills. Finally, the personal services market offers extensive employment opportunities in areas such as services to the family, day-care centres, help for the elderly, and areas where the public sector has a major role. Training is thus likely to be somewhat diverse, a fact which should be accepted but if possible offset by government financing. Such a strategy cannot be implemented without the co-operation of all the parties concerned. It is in

Portugal has devised a four-pillar strategy.

this context that the February 2001 agreement between the social partners and the government, within the Economic and Social Council, is so important. The objective is to develop an integrated approach to education, training and employment. First, existing measures are incorporated and structured, for example the establishment of a national certification system. Then the agreement sets out the arrangements for continuing training, granting new rights and instituting a minimum volume of training (individual right to 20 hours per year for all workers and an annual training provision of at least 10% of all workers). It is true that access to 20 hours of training per worker per year from 2003, increasing to 35 hours by 2006, is fairly modest – but it has the advantage that it also applies to SMEs. It will be essential to closely monitor the practical outcomes of this agreement, which is as yet too recent for any firm judgement to be given concerning its long-term impact.

General financing arrangements to promote employment-related training

Many countries have employed a variety of methods to support training.

Faced with shortcomings in the training market, many countries mobilise a variety of resources to support and sustain the development of training for workers in companies through legislation, financial incentives and contractual agreements. These mainly involve compulsory financing and financial penalties for companies that do not spend a minimum amount on training determined by the government. There are also promotional measures that may take the form of an award of a quality label for companies that provide the most and the best training, or subsidies for training. Another approach adopted in the past decade is to target measures directly at workers to overcome the main barriers to training, which are time and cost. Finally, and this is probably the most novel aspect, the visit to each country with its own peculiarities revealed numerous innovative strategies to promote vocational training among groups at risk. While it is important to draw them to the attention of groups with comparable problems, the central issue is to reproduce good practice in other places.

Compulsory training levy schemes are not often among them.

Among the countries participating in the thematic review, only Spain has instituted a compulsory levy at national level to finance training in companies. Within the OECD countries, this financing obligation has existed only in France since 1971, Korea and Australia having abolished it in the late 1990s. There are certain regions of the countries visited, such as the Canadian province of Quebec or the Swiss Canton of Geneva, where such an obligation exists (Box 5.3).

Systems of compulsory levies from companies to finance specific measures can also be found. In Finland there is a compulsory company levy for a fund managed by the social partners to finance, with state support, individual study leave.

Some countries do provide financial contributions based on intersectoral or sectoral agreements.

Furthermore, some of the countries of the thematic review have financial contributions based on intersectoral or sectoral agreements.²¹ In some cases, these are participating funds for the development of qualifications established under company or branch agreements. In Spain, there is a compulsory but indirect company contribution instituted in 1992 under an intersectoral

21. Further information will be compiled through the new activity launched by the ELSA Committee on vocational training as an extension to the project on growth.

Box 5.3. Compulsory training levy schemes in Quebec, Geneva and Spain

The Development of Labour Promotion Act in Quebec Province, Canada

The Development of Labour Promotion Act, passed in 1995, seeks to boost workers' qualifications, skills and performance through continuing training. It is a government measure of the "train or pay" kind: the Act requires every employer whose wage bill is over CAD 250 000 to invest the equivalent of at least 1% of his/her company's payroll costs in training the workforce. Companies which do not reach this threshold must pay contributions to the national workers' training fund (*Fonds national de formation de la main-d'œuvre*, FNFMO). The plan of allocation of the FNFMO's resources is drawn up by a committee of labour market partners (*Commission des partenaires du marché du travail*, CPMT) and approved by the minister of labour and employment.

This Act replaces the single reimbursable tax credit for training (CRIF) introduced in 1990, the results of which were disappointing: only 2.5% of employers used it with declared training expenses of 0.3% of payroll.

It is too early to judge the impact of the progressive application of the Act, from January 1996 to January 1998,¹ on training levels provided by employers. The Five-Year Report 1995-2000 on the application of the Act highlights the following points (Emploi-Québec, 2000):

- In 1998, training expenses accounted for 1.53% of payroll. Some three-quarters of employers spend at least 1% on training; 26% were required to pay 1% of their payroll costs to the FNFMO. Compared with 1996, as a result of small companies coming within the scope, training costs as a proportion of total payroll declined, and the number of employers that did not reach the statutory level of training expenditure rose.
- It is precisely these small companies that do not submit projects under the FNFMO resource allocation plan, but employers and the public and parastatal sector. In 1998, with contributions of 2.8% of sums paid to the FNFMO, they obtained 17.2% of the subsidies granted by the FNFMO.
- According to a survey by the Canadian Federation of Independent Enterprises, the main reservations expressed by employers concern the "red tape" involved in claiming eligible expenses. The survey also showed the extensive ignorance among employers concerning the FNFMO.

Source: Emploi-Québec (2000).

The Fund for basic and advanced vocational training, Canton of Geneva, Switzerland

The Fund for basic and advanced vocational training (*Fonds en faveur de la formation et du perfectionnement professionnels*, FFPP) is the Canton of Geneva's own measure, introduced in 1985 and managed on a tripartite basis by employers' associations, trade unions and the state. It was introduced as a result of a trade union initiative.

The Fund is financed by a state subsidy and contributions from companies (including the state of Geneva but excluding international organisations) which pay CHF 20 per employee. The amount of FFPP resources must not exceed 0.5% of the total payroll of the Canton.

Only organisations providing advanced vocational training can apply to the FFPP for a subsidy for expenses not covered by the Canton and the Confederation. Individual applications are not considered, nor are courses in basic education, health, sociology, arts or sciences. Obtaining access is seen as difficult because the organisation must obtain approval from both the Fund's Board and the Central Interprofessional Board which limits its use. In 1998, the FFPP paid out CHF 1.9 million for adults.

Source: Office d'orientation et de formation professionnelle (2000).

The Tripartite Foundation for Training for Employment in Spain

Enterprises or individuals can request training funds through the Tripartite Foundation for Training for Employment (previously FORCEM) in Spain. Funding comes from a vocational training levy on workers

Box 5.3. Compulsory training levy schemes in Quebec, Geneva and Spain (cont.)

and enterprises (of 0.7% of the wage bill directed to training for the unemployed and employed) and the European Social Fund. Organisations (business, business and/or labour organisations, bipartite foundations covered by sectoral collective bargaining at a national level, co-operatives or worker-owned companies) may request financial assistance. There are also so-called Complementary and Supplementary Training Measures. Individuals can request Individual Training Permits. According to the FORCEM data, more than 30 000 Spanish companies requested funding for Training Plans in 2000 for more than 77 000 training programmes, covering more than 4.7 million workers. Computer training was the most frequently requested. There were 2.5 million participants.

1. In January 1996, only employers whose payroll totalled one million dollars or over were subject. In January 1997 and January 1998, it was extended to employers whose payroll exceeded CAD 500 000 and CAD 250 000 dollars, respectively.

Source: OECD (2002).

agreement subsequently ratified by a tripartite agreement (Box 5.3). Half the levy for training of 0.7% of the wage bill is spent on continuing training. In Denmark, various sectoral agreements establishing funds to promote vocational training are under tripartite management. Over a million employees are covered: 780 000 in the public sector and 330 000 in the private sector.

In the United Kingdom, a compulsory levy on companies is included in the statutes of industrial training boards in construction (CITB and ECITB). The Sea Fish Authority (SFIA) collects a statutory levy from processors based on the weight of fish both landed and imported into the United Kingdom, and part of this levy is used to support training in the industry. Other sectors have introduced a levy on a voluntary basis, such as Skillset, the National Training Organisation (NTO) for recording, film, video and multimedia. The policy commitment of the government is: "a regulatory framework for training will be established where the social partners are in agreement". The idea is that any training levy introduced by a voluntary agreement between the social partners will have the government's support.

The United Kingdom notably has voluntary employer-led sector arrangements through its Sector Skill Councils.

Concerning specific actions from the social partners in the United Kingdom, it is important to emphasise the voluntary employer-led sector arrangements through the Sector Skill Councils. The Councils are nation-wide bodies that give responsibility to employers to provide leadership for strategic targeted action to meet their sector's skills and business needs. In return they receive substantial publicly funded support, greater dialogue with government departments about the impact of policies on skills and productivity, and increased influence with education and training partners. Trade unions also take the initiative by encouraging employers to invest in training of their workforce through a specific fund, the Union Learning Fund (ULF). This fund, established in 1998, resulted in the implementation of 220 projects promoted by 66 trade union branches in 1 000 workplaces. The

government has provided subsidies of GBP 27 million for 2001-2004. Since the launch of the fund, over 2 000 Union Learning Representatives have been active on the ground, and the government is considering proposals to recognise their work by giving them paid time to perform their role of adviser on training at work and access to every kind of learning opportunity.

The French-style training levy is known to have both positive and negative effects [Conseil d'analyse économique (CAE), 2000]. The positive effects of the legal obligation to finance training in France are as follows:

- A spectacular increase in training by companies which allocated an average of 3.5% of payroll to training in 1998, well above the statutory 1.5% and almost twice as high as the late 1970s (2%).
- Only a small proportion (30%) of companies pay a balancing charge for insufficient expenditure on training.
- The minimal obligation to mutualise financing is justified by the risk of “poaching”: the training from which an employee who changes companies benefits is of value to society as a whole even if not for the company that paid for it.
- The big winners in the system are training organisations in a rapidly expanding training market.

On the downside, the persistence of considerable inequality of access to training in the course of a career depending on gender, age or qualification of workers, or even the size of company, is often stressed. Equally unfortunate is the lack of involvement of those concerned in an increasingly complex system, in contrast to the scale of the financial input: “on the employee side, they do not pay much or expect much; on the company side, they pay but generally do not get involved” (Didier, 2000).

The pros and cons of a compulsory training levy on employers are the subject of an extensive literature (OECD, 1999). Among recent analyses, Greenhalgh (2001) is highly illuminating. The author ponders the pertinence of introducing a “train or pay”-type measure along French lines for companies in other countries.

The introduction of such a measure would be doubly advantageous to large companies which already train compared to SMEs which often do not train. The latter would first have to bear the additional cost of the levy and secondly would be ill-equipped to operate in a labour market which had reached a high level of equilibrium in training. Nevertheless, the introduction of a “tailored” compulsory levy in companies would be preferable to promoting an increase in private investment by workers.

Several approaches to tailoring a potential levy are suggested in Greenhalgh (2001):

- The levy should be linked to profits and not payroll.²²

Should companies be legally obliged to finance training?

Both pros and cons have been observed.

The advantages would go to larger companies rather than SMEs.

A “tailored” compulsory levy appears preferable to an increase in private investment by workers.

22. Stevens (2001) developed a model which shows that if, because of imperfections in the labour market, training allows companies to make significant profits through their skilled workers, it is appropriate to make those companies bear higher training costs by a levy on their profits.

- The levy should be graded so as to avoid penalising new companies and SMEs.
- To make its effects less inegalitarian, priority access should be reserved to less-skilled workers rather than leaving the employer free to choose whom to train.
- To tackle the risk of “poaching”, a sufficiently progressive taxation of wages would be needed so that those who achieved wage increases would redistribute part of their wage gains to public funds which partially finance public training expenditure.
- More fundamentally, an increase in investment in training could only generate productive use of resources with strict quality control of training organisations and monitoring of the level achieved by those in receipt of training.

Acting on several levels to overcome barriers to training

Three difficulties in implementing training are...

Companies may encounter difficulties in implementing training. Three spring to mind: arranging and financing training; reconciling production time and training time; and putting the gains from training to profitable use.

... arranging the plan in the first place...

Companies, especially the smallest among them, often find it hard to develop skills-based training plans. The reasons given are primarily their inexperience in setting up a training plan, the lack of clarity in the provision of training and their ignorance of public measures. To introduce training and successfully carry out competence development projects, it is preferable to avoid an overly formal and “bureaucratic” approach to a training plan, especially in SMEs. Drawing up terms of reference is a way of setting out the means of achieving previously defined objectives.

... reconciling production time and training time...

As to the reconciliation of production time and training time, if the training takes place during working time, on-the-job training is by definition more compatible with the demands of production than external training. Case studies in France on training practices in SMEs for low-skilled workers clearly show that on-the-job training is one of the factors in favour of training and professional development of such workers, who are often faced with inhibitions about traditional theoretical learning methods and thrown off balance by any questioning of their professional identity (Guiraudie and Terrenoire, 2000). It would appear that for this type of employee, training in the context of work involving supervisors and peers can gradually overcome anxiety, resistance and worry by encouraging involvement in a joint project and demystifying training. Recognition of skills as they are put to use can create a process which will facilitate subsequent access to diplomas by avoiding the discouraging effect of a “ladder” that is too high to begin with. On the other hand, encouraging training in an unproductive time (breakdowns, maintenance, temporary layoffs, etc.) often obstructs the preparation time needed to ensure proper training conditions. Otherwise there is the risk that training is seen as a stopgap.

Another possibility for continuing normal production, especially when the employee has to go for training outside, is based on worker rotation schemes. In Norway, Elkem Aluminium has organised production into six teams where traditionally only five were needed. This releases ten training

days per worker per year in a training system where teamwork is at a premium (Box 5.4).

In Denmark, the use of rotation schemes in employment and of training leave can improve both planning of training activities in companies and individual training needs. This rotation normally relies on replacing workers on training leave with unemployed people. In a tight labour market, however, where the unemployment rate does not exceed 5%, unemployed workers are often too far from employment to adapt quickly to a new job. The system has had to be modified through increased collaboration between companies in networked training partnerships and worker exchanges.

When it comes to putting what they have learned to good use, individuals are often at a loss as to their ability to put their investment in training into effect and profit from it, because of the imperfections in the labour market. They may therefore be unconvinced of the value of the training provided to them. The expected returns are reduced by these uncertainties and the training desired by individuals is lower. The introduction in a chemicals firm in Norway of an internal wage scale for seven levels of skill perceptibly increased workers' motivation, except those over 40 years old and with over 15 years' seniority (Box 5.5). The question of evaluation and recognition of

... and putting the gains from training to profitable use.

Box 5.4. Elkem Aluminium: A team-based training system in Norway

A subsidiary of the world-wide Alcoa Aluminium Company, Elkem has three sites in Norway. The Mosjøen plant, founded in 1957, has many long-time employees. It has downsized from over 1 000 workers ten years ago to currently half that number. There were no layoffs in the interim, due in large measure to a plan whereby workers at age 60 continue part-time and at age 62 can receive half of their pay as retirement.

Since 1981, the company has adopted a variety of initiatives to promote continuous improvement. Taking an example from Toyota, they now centre on customer satisfaction as the key driver in improving their business systems, ensure quality at a low cost and shorten the lead-time in all of their systems. All this work is done through teams. Personality analysis is being used to organise the teams, but the company is convinced that the key is in identifying the competencies required for each. A Competence Toolbox has been developed that includes requirements for developing a team; the professional, technical and leadership skills needed; stability requirements; improvement techniques focused on technical problem-solving and maintenance; and business knowledge. A pool of 25 multi-skilled workers assists the teams and helps to promote structured on-the-job training.

An important change Elkem made was moving from five shifts to six in order to "make room for training" in the work schedule. While most of the training continues to be on-the-job, it was determined that more was needed. Individuals have a "tree plan" for training. This is included in a required ten days of training per year that each of the six shifts must undertake.

The firm has no internal education department and uses a mix of service providers for the different types of training. A resource centre serves as the technical trainer for the firm and helps brokering other training resources for them. As Elkem knows it will be hiring in about three years, they are now developing an apprenticeship programme in concert with the school.

Source: Meeting with the human resource manager, Mosjøen, March 2000.

Box 5.5. Pay incentive scheme in Norway

Orkla is a tree-based organic chemical company with 22 000 employees across the world. Borregaard is their subsidiary in Sarpsborg, with 2 800 employees. The subsidiary has launched an ambitious human resources reorganisation that includes a wage structure based on seven levels of competency. Approximately 2 000 tasks for all jobs have been reviewed, sometimes reordered, and placed within the seven levels of competency. The company believes this method has allowed them to pinpoint the differences between formal and real competencies.

The first three levels do not require a craft certificate. The fourth requires a certificate, the fifth level one additional competency, the sixth two additional ones, and the seventh at least one more. Each craft worker is to develop an individual training plan in order to move up the Competence Ladder. This new scheme has required a substantial reorganisation of the way the human resource department conducts its own work. A Secretariat has been established to support a central committee composed of management and union representatives. One of the key roles of this committee is to ensure fairness for both the worker and the front-line manager, because it was recognised that there is often a “familiarity bias” close to the job. There will be local competence assessment committees centred on approximately ten trades to “certify” workers’ abilities.

The union is in cautious agreement with the plan. However, they do have concerns about workers who have been in their jobs for over 15 years and are over 40 years of age who are hesitant about the required training. Their motivation could be increased if training is organised only during working hours and if their work experience is more adequately taken into account.

Borregaard has taken several lessons in building this plan from their active participation in the recently restructured apprenticeship programme for upper secondary students.

Source: Meeting with Human Resource Management and Unions, Sarpsborg, March 2000.

training results must also be matched by the new measures to validate professional experience now being promoted in all the countries visited.

Subsidies and loans encourage training.

Subsidies could be introduced to encourage individuals, companies and employees to attain an appropriate level of continuing vocational training through worthwhile compensation for part of the opportunity cost and removing the uncertainty surrounding the investment in training. For companies, it may be a case of relief for provisions or amortisation of training costs so as to develop investment in training. These instruments will only affect companies that already spend on training without encouraging those who do not provide training to do so. Training loans are also offered. In the United Kingdom these loans, for companies with less than 50 employees, are provided through a partnership between the Department for Education and Skills (DfES) and commercial banks. They are offered at a preferential rate of interest and the government pays the interest for between 6 and 12 months, depending on the size of the loan. The allowable training costs are a maximum average of GBP 5 000 for each trainee included in the training plan. It is also important to mention the Small Firm Development Account, which is currently being piloted. This aims at firms of 5-49 employees; it offers financial help, advice and guidance to encourage small firms to develop their workforce.

Box 5.6. The Investors in People (IiP) label in the United Kingdom

The Investors in People (IiP) label celebrates its tenth birthday in 2001. It was established by a working group, the National Training Task Force, in collaboration with the principal organisations concerned, such as the Confederation of British Industry, the Trades Union Congress and the Institute of Personnel and Development, to encourage companies to invest in training. It was built on good practice throughout the country. The label provides a national reference framework for improving company performance and competitiveness through skills objectives achieved through training. The label is based on four key principles: 1) commitment; 2) planning; 3) action; 4) evaluation. Company performance is measured against a set of 12 indicators before being awarded the label. A quarter of employees in the United Kingdom work in companies which have this label. Eighty per cent of them say that they are satisfied with their work, while that is the case for only 37% working in companies that have not been awarded the label. Over 70% of IiP companies say that they have gained in terms of customer satisfaction and productivity. The label is administered by a company, Investors in People UK, whose principal shareholder is the Department for Education and Skills (DfES). In April 2001, the network of partners responsible for delivering it changed. In England, it is now the regional branches of the Learning and Skills Council (LSC) and the Small Business Service (SBS).

Source: www.investorsinpeople.co.uk

In the United Kingdom, actions are envisaged in favour of companies that are particularly innovative in training. The Investors in People (IiP) label is awarded to (mainly large) companies that make a recognised training effort (Box 5.6). In the Learning and Training at Work 2000 survey, 16% of employers in England said that their company had been awarded the IiP label, the proportion ranging from 13% for companies with 1 to 4 employees to 48% for companies with 500 or more.

Good practice for workers

Arrangements exist which can help to remove some barriers to training for workers. Chief among these are the lack of time for training and the problem of the cost – not just the direct cost of training but also the derivative costs, such as the opportunity cost of taking up training again and the loss of earnings if wages are not maintained. In addition, if adults are truly to benefit from the opportunities on offer, adequate support services (transport, child-caring, etc.) are essential.

To reconcile training time, working time, family and leisure, training hours must be made compatible with working hours and children's school hours. This means favouring flexible time management such as the possibility of a temporarily part-time contract to allow resumption of complementary studies and flexible hours during the day, week, month or even year. Local support services and training can also allow rapid movement from one place to another.

To extend access to training, some countries have introduced an individual training right. It may take the form of paid training leave under certain conditions. Under this arrangement, it is up to the individual, not the company, to decide whether or not he or she wants to receive training and to

Some companies offer innovative training.

Arrangements are needed to address the problems of time and cost.

Some countries have established individual rights to training in the form of leave.

choose the type of training. Since 1974, there has been an ILO Convention on Paid Educational Leave (Convention No. 140). To date, this Convention has been ratified by 32 countries, including Finland, Spain, Sweden and the United Kingdom²³ of the nine countries of the thematic review.

In Norway, in November 1999, Parliament adopted a law giving universal statutory entitlement to leave for educational purposes. It is essentially a codification of previous collective agreements between the social partners. The law provides that persons who have been engaged in a professional activity for more than three years, and in the same company for the last two years, are entitled to full- or part-time leave for a maximum of three years to enrol in an educational programme. The law came into force on 1 January 2001. It does not deal with the issue of wages or subsistence during the period of leave, the financing of which has not been decided.

Collective agreements in both the public and private sector, under certain circumstances, contain the right of an employee to be absent for educational purposes. When this absence is related to the employee's personal wishes and needs the right becomes a mere possibility, and it is generally unpaid leave. When the training is part of a skills development plan envisaged by the company, the leave may include continued payment of wages.

In Finland, the third phase of the training guarantee scheme was approved by a working group of the social partners. While the first two phases were focused on the long-term unemployed in 1997 and all unemployed in 1998, the third phase, starting in August 2001, primarily involves employees with 10 or more years' seniority in their company. Training leave includes the possibility of replacement in the job.

These rights too can lead to inequities.

In France, in order to involve those concerned with training more closely, Gauron (2000) suggests that the nature of the obligation to training should be changed from an obligation to pay to an obligation to train. However, Guiraudie and Terrenoire (2000) do not think that the individual right to training can offer more equal access to vocational training for different categories of employee. The least-skilled workers are, indeed, ill-equipped to take advantage of the opportunity. They might even use up their individual right without that being part of a structured professional development project. The authors therefore envisage that training should be a joint project between the employee and the company.

It is a fact that individual training leave is taken in the majority of cases by highly motivated people able to draw up a professional or personal project, validate the qualifications acquired and choose training activities appropriate to their project. The same goes for training vouchers, which presuppose that the beneficiary can make a justifiable choice based on an individual project.

Financing of training relies primarily on co-financing, loans and tax credits.

In principle, employees can contribute personally to the financing of training by accepting a temporary drop in wages and/or agreeing to work outside normal hours to make up the time spent in training. On the other hand, an allowance can be paid to the employees undergoing employment-

23. The other OECD countries that have ratified Convention No. 140 are Belgium, the Czech Republic, France, Germany, Hungary, Mexico, the Netherlands and Poland.

related training outside working hours in their own leisure time. In practice, it does not appear that workers co-finance their training by reductions in wages, and it is not known to what extent other mechanisms are used for that purpose. The mechanisms highlighted in the various countries of the thematic review tend rather towards co-investment by the company and the employee through a training savings account or individual training accounts. There are also loan schemes, but these are not at all widespread. Thus in the United Kingdom there are loans for workers (Career Development Loans, CDLs) to lift the financial barrier. They are bank loans repaid in instalments supported by the participation of four high street banks. The beneficiaries do not have to repay the loans until they have finished their course, or not for 18 months if they are unemployed or in receipt of social security. The DfES pays the interest during this period. Tax relief on income after qualification, in the form of training tax credits, can also be a way of enhancing the private return on the training of workers, even if that only affects workers who pay a certain level of taxes.

The principle of individual learning accounts (ILAs) has been developed and applied recently in a few OECD countries, including Sweden and the United Kingdom. Their aim is to encourage adults to learn and increase the effectiveness of training. Like training vouchers, these accounts start from the principle that *a)* the individual is the best placed to choose what he/she wants to learn and how he/she wants to enhance his/her skills and *b)* the investment cost is shared. Aid from the government or the company consists of contributions to match those of the individual. These accounts are generally not tied to a company but follow the individual. ILA holders have access to a whole range of financial incentives to plan and pay for their training. Tax incentives can be used to encourage employers to invest jointly with their employees. That should be beneficial both to companies and employees (especially, it is hoped, in small companies), since it reduces the cost of their contributions to training. More generally, it is hoped that ILAs could encourage personal responsibility for obtaining training and career development.

Individual learning accounts have yet to make their mark.

To ensure maximum participation in the arrangement, it is important that it is simple from an administrative point of view and not overburdened with rules. ILAs are still at the development stage and have yet to make their mark (Box 5.7). The scheme was suspended in December 2001 in England, mainly because of the poor quality of the training provided to workers. In Sweden, it is emphasised that the funds allocated belong to the individual and it is up to them to decide how to use them. The basic idea is that the whole subsidy is paid to them. However, the possibility of subsidising employers to encourage them to contribute to their employees' accounts is also under active consideration at the present time. The Skandia initiative, a pilot in this field, is being followed with interest by other Swedish companies.

A fundamental question in the long-term evaluation of ILAs is how far they really generate new investment in training. The dead-weight and substitution effects must be taken into account. Will subsidies not be sought largely by those who would, in any event, have invested in their own training? Will some individuals not transfer funds from their existing accounts to ILAs in order to benefit from the higher return (substitution effect)? Will some companies not try to obtain provisions for tax relief through ILAs by substituting training or courses recognised as ILAs for their own in-house training?

Box 5.7. Individual learning accounts: an innovative scheme to finance training yet to make its mark in Sweden and the United Kingdom

The aim of individual learning accounts (ILAs) is to make training more accessible to all by increasing the volume of low-cost training which those concerned can finance themselves. Individuals benefit in terms of productivity and wages, as well as better protection from unemployment, while for the company, the advantage is lower training costs, higher workforce productivity and the reputation of “good” employer. For the government, the cost depends on the volume of subsidies granted.

In Sweden, ILAs are at present at an experimental and final development stage, to be introduced from July 2003. Under the latest government proposal, individuals will be able to set aside a maximum of 25% of a base amount (approximately SEK 9 500) per year, including a tax reduction, to an ILA. Employers that deposit funds in an employee's learning account will receive a tax deduction. To enable the rapid introduction of the system, savings will initially be made in accounts administered by a government agency, with the consideration later on of saving with different financial institutions. The full premium will be paid on one-year full time study. When a lower number of study days is used, the maximum premium will be proportionally reduced.

The Skandia company, a national and international insurance and banking consortium, has since 1999 offered a development account to its employees. Thirty-five per cent of them decided to participate in the project. The company pays an amount to match that saved by the employee, who can save up to 5% of his/her wages in an insurance scheme that will compensate the loss of wages when he/she takes training leave. The wage supplement is tripled for employees over 45 years old who do not have a higher secondary diploma. Seven years of joint saving will finance about six months of full-time education and training. Everyone is free to choose his training. “In-house” training is provided in any case and is not replaced by this new scheme. Participants have access to a website where they can find information on the level of their savings, training opportunities and advice on writing a CV. For the company, the aim of the scheme is to provide bridges between work and training, and create an arrangement to encourage employees to continually update their knowledge.

In England, ILAs were designed to provide government funding for a wide range of learning to people aged 19 and over. Similar arrangements existed in Scotland, Wales and Northern Ireland. The 1997 Labour manifesto committed the government to introducing ILAs, with a re-start for up to a million people alongside individuals making small investments of their own. The overall aim of ILAs was to widen participation in learning and to help overcome financial barriers to learning faced by individuals.

The package of ILA incentives were:

- £150 government contribution on a wide range of learning for the first million ILA holders, provided the individual made a contribution of £25.
- 20% discount on a wide range of learning, up to a limit of GBP 100 per year.
- 80% discount on a narrowly targeted range of learning, introductory-level ICT and basic maths up to GBP 200 per year.

The target of one million ILA holders was reached in May 2001. However, regrettably, over the Summer of 2001 the DfES received growing volumes of complaints from individuals and Trading Standards Officers about mis-selling, aggressive marketing, poor learning, poor value for money, and alleged fraud. In response, the DfES took action against some learning providers.

On 24 October 2001, the Secretary of State announced the decision to suspend the scheme from 7 December. The ILA programme was closed on 23 November 2001. There will be a successor ILA-style programme building on the best of the original: “one that attracts non-traditional learners, one that balances measures to protect the public purse, provides simplicity for the learner, and avoids bureaucracy for providers”.

Source: Arnal, Ok and Torres (2001), OECD (2001c), Didier (2000) and www.dfes.gov.uk/ila

The public authorities can try to overcome the problem of dead-weight effects by targeting their publicity (and possibly the entitlement to benefits) on low “human capital” groups and those least likely to invest to increase it. In practice, that means targeting low-skilled and low-paid employees in small companies, as well as individuals who have suffered a break in their career and are now trying to re-enter the labour market.

Some actions in favour of groups at risk

The aim of this subsection is to focus on some innovative strategies favouring groups at risk implemented in the countries of the thematic review. The difficulty one faces in trying to draw conclusions from a presentation of this kind comes precisely from the novelty of these initiatives and their unique character. The question that arises, therefore, is whether they can be reproduced elsewhere.

The central issue is how to involve in an education and training scheme a whole series of individuals who are the hard core of adult workers. They may be older workers, low-paid workers (working poor), or those working in traditional or endangered sectors and/or SMEs. The challenge is not to widen the gulf between these adult workers at risk and the others, with the former confined to marginal jobs without any chance of developing and with a prospect of loss of skills and accelerating exclusion for those who cannot access continuing training.

One of the crucial tasks in a restructuring for workers dismissed after many years in the same company is for them to have access to a skills assessment so that they know their “market value” and what they should do to find the best possible new job. Conversion leave often forms part of the period of advance notice in the framework of a social plan.

Early intervention in favour of qualification of adult workers is necessary, certainly before they are made redundant after a restructuring. Wolter and Weber (1999) provide a critical analysis of policy in Switzerland during the prolonged period of unemployment that had an enormous impact on unskilled workers in the 1990s. They highlight especially the inadequate provision of continuing training for the labour force due to insufficient financial incentives. Private returns from continuing training are, indeed, insignificant in inducing adults to learn. In a mainly private adult education market, public training programmes are only provided for workers when they are unemployed. The labour market authorities are then faced with an insurmountable difficulty in making up for the ten, twenty or sometimes more years when skills have not been developed. The authors envisage that intervention must occur at an earlier stage if it is to be effective. Companies should constantly promote qualification of their employees and reward training with wage rises, which are too often linked only to length of service. For low-paid workers, a government financial incentive would be needed to avoid facing them with a prohibitive financial sacrifice.

As has been observed, older workers in particular are denied access to continuing training and its rewards. In the first place, investing in training of workers over the age of 50 requires a much more rapid return than for younger workers. Secondly, companies have been accustomed for decades to managing their need to renew skills essentially by preferential recruitment of

There are innovative strategies that favour groups at risk...

... and so reduce the marginalisation of...

... workers who are victims of restructuring...

... older workers...

newly qualified young people, and early retirement of employees whose skills are considered obsolete. Often, early retirement of experienced workers is done in haste, without a real period of transmission of their know-how to their replacements. The system of on-the-job training for new recruits by tutors, often older workers whose experience is little formalised, has been tried, for example in the Randers Reb company in Denmark (Box 5.8).

When it is harder for companies to recruit externally for demographic reasons or because it involves manual trades in heavy industry often geographically remote, older workers offer the chance to satisfy new skills needs. If companies do not acknowledge this problem, they will have to manage their modernisation and the organisational changes involved using a stock of low-skilled or insufficiently experienced adult workers.

A scheme to promote training and certification in the second half of working life for adult workers can encourage them to stay on in the job as they get older. The example of the Skandia company (Box 5.7), which supplements

Box 5.8. Randers Reb – the enterprise as a learning place in Denmark

Randers Reb, an enterprise founded in 1840, produces all kind of ropes, and exports to many parts of the world. It has undergone a dramatic technological change in recent years: it has invested in high-tech machinery, a change that would not be possible without also investing in personnel. One could call this “human resource investment”, which was part of an overall enterprise development plan – a joint venture with the local Adult Vocational Training (AMU) Centre – to organise the continual skill upgrading of their employees. Employees were told it was practically unavoidable for them to take up the offer of training if they wanted to continue to work for the company. The offer comprised not only all of the teaching – of which the AMU Centre delivered the major part – but also the provision of flexible arrangements which made it possible for the employees to participate without cutting ties with the company.

At the time of recruitment, a young unskilled worker will be trained on-the-job for 3 to 5 months with a tutor and will then follow various “modules” in more or less technical domains. Internal and external training, especially that offered by AMU, is used. The enterprise explained that around 10% of wages go to a fund devoted to education and training. The company now is one of the best-performing producers in this industry world-wide.

Important parts of the internal training processes started in Randers Reb through the ISO norms. The emphasis is on training both inside and outside the enterprise. From the lowest level (7 years in school) to tutors and managers, training is extensively used. The ISO is seen as a way to help the enterprise better focus its education and training efforts, mainly balancing cost and time devoted to internal and external training in order to increase the competencies of employees. On average, a person spends three weeks a year in training. New machines are very expensive investments: employees are required to be capable of using updated and new technology, to rely on communication and teamwork, and to be able to monitor quality control.

In addition to and as a result of the training, an annual test for skills and competencies was introduced which permits the employee to gain points on the salary scale. The UK programme “Investors in People” was adapted to the enterprise. The enterprise created a “learning room” in which all employees can exchange and propose ideas and innovations, which will eventually be tested and experimented with. The enterprise provides a home computer for its employees, and they are required to demonstrate, after one year, that they can take the European Computer Driving Licence.

Source: Meeting with Human Resource Managers, Randers, November 2000.

the older and less qualified workers' savings more than those of other workers, is worth noting. Taking account of experience acquired in the course of a career can be a powerful incentive to any adult to develop their skills throughout their career and add to their knowledge through continuing training.

In Finland, the national older worker programme launched in 1998, covering a five-year period, is intended to encourage workers over 50 to retire later. Its main objective was to push back the actual age of leaving the labour market by two to three years between now and 2010. The programme includes a monitoring committee consisting of the social partners and an independent evaluation system. It contains 40 measures, key among them vocational training for employees aged 45 or over. Training is considered to be crucial in maintaining the employability of older workers. The Finnish authorities are aware that it will take at least ten to fifteen years to fill the training age-gap and eliminate employment problems among the older group. A vast information campaign was launched, on the theme "experience is the nation's wealth". Training and information programmes on age management were arranged for employers and company managers. Training sessions were held on how to use and pass on older workers' experience and how to motivate older workers. Some 4 000 company directors participated in seminars on organisation of work. The labour inspectorate was given the task of advising on age management in companies. Already, it can be reported that the process of early retirement has begun to be reversed. The experience in the public sector is revealing (Box 5.9).

In the case of graduate workers, employment-related training is justified by the concern to keep knowledge up to date. For a large number of people who did not have a proper initial education during their youth, getting a second chance to acquire and catch up on the skills and qualifications they

... poorly educated workers...

Box 5.9. Developing older workers' skills in the public sector in Finland

Employees in the public sector in Finland number 125 000 – 33% of them with a university degree, much higher than in other sectors. One of the greatest challenges for the state as employer is the ageing of these employees, whose average age was 42 in 1999. The largest age group is 45-49 and one-third of today's staff will retire between now and 2010.

The state wants both to attract young graduates and to maintain and develop the level of skills of the oldest up to the end of their careers. For the oldest, individual skills development plans are prepared that will result in wage gains.

As to recruitment policy, special training programmes to meet the needs of the public sector are being negotiated in the initial education system and in secondary and higher education.

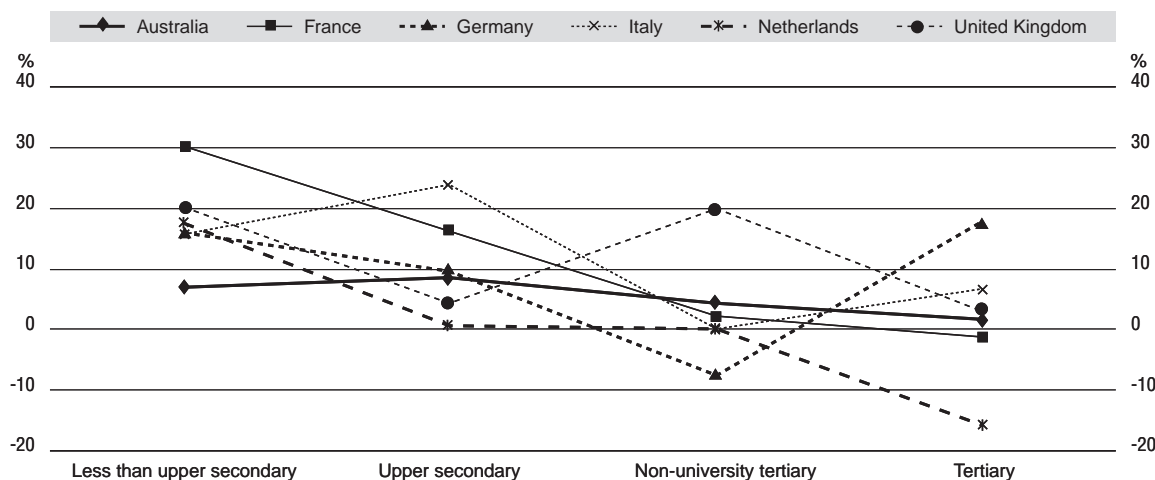
More generally, an ambitious programme to encourage learning is being developed through paid and unpaid training leave, temporary reassignments, the use of university centres and secondary institutions, and new pay schemes which recognise training achievements.

Source: Interviews with the Finnish authorities, Helsinki, February 2001.

need to work better and participate in social life is essential. The idea that continuing vocational training could take the place of initial education is currently the subject of impassioned debate. On one side, there are those who hold that investing in training people who are poorly qualified is not economically justifiable. As Heckman (1999) says, “the lack of interest of private firms in training disadvantaged workers indicates the difficulty of the task and the likely low rates of return of this activity” (p. 105). On the other hand, as Figure 5.10 shows, training activities procure high wage gains for less-educated workers. Yet they are the category that have the least access, it seems, to these activities. Training policies aimed primarily at poorly qualified workers could therefore have a dual effect of reducing social inequalities and improving company performance (Boyer, 2000).

The country note of Portugal draws attention to a variety of approaches of value in raising the probability of success in training people with low levels of education. They all have in common that they complement training with simultaneous actions involving improvements in company management methods and incorporation in a local development strategy, using civic motivation to underpin the value of education and training, as well as the explicit link between training, enhancement of skills, higher pay and promotion in the company. These approaches, very different in their methods, their target group and ultimately their effects, also have in common that they encourage motivation and demand for acquisition of knowledge and/or development of skills, by heeding people’s concerns and involving them in their own learning. Success depends on the trainers’ ability to embed their input in a broader vision of the role and objectives of education and training. In contrast to a standardised and uniform approach, it requires a certain degree of autonomy and ability to innovate.

Figure 5.10. **Return to training by initial educational attainment**
 Proportional mean wage differences¹ for workers trained, by initial educational attainment, 1990s



1. Mean earnings of workers trained minus mean earnings of workers not trained, divided by mean earnings of workers not trained.
 Source: OECD (1999).

At company level, it is increasingly recognised that training only yields the desired results if it fits within the objectives of the company in respect of quality, productivity, innovation or rapid response and adaptation to the market (Crouch, Finegold, Sako, 2001). Training providers must offer an integrated service that meets companies' expectations, especially SMEs. The strategy set out by the Minho industrial association in Braga takes this lesson on board (Box 5.10). Unlike a strategy aimed only at the individual independent of any contact with the company where they work or intend to work, the central idea involves incorporating the individual training action within an overall company strategy. Thus, in the case of a small or medium-sized enterprise, those concerned must convince the entrepreneur to undergo training or update their basic knowledge. Once convinced and reassured that they will not be shown up by more competent colleagues, the entrepreneur will be the best proponent of training actions for their employees. This industrial association adopts a similar strategy for the largest companies. On the one hand, the training is preceded by a diagnostic analysis concerning improvement of the management system, and on the other the human resources management is brought in to prepare a training plan which is then passed on to the employees. This guarantees a synergy between training and the company's general strategy which aims at improving productivity and quality.

... and workers in SMEs and companies with low productivity.

Box 5.10. The Minho Industrial Association, Braga, Portugal: Advice to companies on training plans for the head of the company and their employees

The main activity of this industrial association is to provide advice to companies. To this end, it performs an overall analysis of economic trends in the region, strengths and weaknesses in terms of competitiveness. The diagnosis tries to reduce the danger of specialisation in low-productivity industries. The aim is thus to raise the quality of this specialisation through an approach based on improving the organisation of firms and their ability to master the necessary technologies. A particular feature of the Minho Industrial Association is that it stresses the integration of training within overall strategy to improve the quality of management in firms. Finding that of 100 training actions and 1 400 course participants, 75% of participants attended classes individually without any connection with the company that employed them, managers decided to tackle this separation between individual training decisions and management of the company. That led to a series of measures whose common feature was integration of training in the management of the company:

- Developing diagnostic analysis in companies of their organisational and technological capacity.
- Convincing heads of SMEs or human resource managers in the largest companies to decide their training programmes in line with this strategic objective of developing competitiveness. Drawing up training plans for the selected employees, such that their new skills have a place in the company's development.
- Administering a CRVC (Centre of Recognition, Validation and Certification of Competences), in collaboration with the IEFP, ANEFA and all public authorities involved in training. The aim is to ensure cumulative enhancement of skills in line with benchmarks demanded by various occupations.

Source: Interviews with training managers, Braga, March 2001.

5.3. Public training programmes

In most OECD countries, it was the rise and subsequent persistence of unemployment – mostly among unskilled workers – and recognition that a degree and/or vocational training were the best protection against underemployment and job insecurity that brought the issue of training to the top of the agenda. With this in mind, the labour market authorities established a panoply of public training programmes to improve adults' ability to obtain employment. Three aspects will be discussed in this section: the role of the public employment service (PES) in training; the potential conflict between different objectives; and the contrasting results shown up by evaluation studies.

The PES and training for unemployed and employed adults

Training activities for the unemployed are normally regarded as active rather than passive measures.

Public training programmes are rooted in the activities of the PES. In countries with a low unemployment rate, the PES has an important role to play in training employed adults. This is particularly the case with the Institute for Employment and Vocational Training (IEFP) in Portugal. In most countries, the PES provides or buys training places for the unemployed to improve their chances of finding a job, preferably in higher-skilled positions. Training activities for the unemployed are part of an activation measure: the programmes are normally regarded as active rather than passive (in other words, designed to help the unemployed person find a job rather than pay him unemployment benefit), even if this distinction is blurred in practice. In fact, as noted by Robinson (2000), one of the essential characteristics of active programmes is that participation or non-participation in such programmes increasingly plays a role in access to benefit payments.

Exemplary practices can be seen in Denmark (Box 5.11). Training programmes available to employers to improve the qualifications of their employees and prevent labour shortages are now also open to jobseekers, under an essentially remedial approach. Two features are worthy of mention:

- Public financing of training programmes is reserved for generic skills, while skills specific to a company are the responsibility of companies as clients of public centres. Special financing for training planning in SMEs is provided under a new institution managed by the social partners.
- Effective preventive measures exist to avoid shortages of skilled workers.

Shares of participation and of active public expenditure in these programmes vary considerably between countries.

On average, in 2001, the nine countries examined spent 0.23% of GDP on public training programmes (Table 5.1). Training expenditure tends to fall when unemployment falls (OECD, 2001a), except in Denmark, Spain and, to a lesser extent, Portugal and Switzerland. Training activities normally form an important part of expenditure on active measures – on average, the nine countries concerned allocated around 26% of their active public expenditure to them. The situation varies considerably between countries: in 2001, it ranged from 7% in Norway to 54% in Denmark.

The number of participants in training programmes in relation to the labour force averaged 5% in 2001 in the nine countries considered. While training expenditure did slightly decrease as a proportion of GDP, the number of new participants has risen. In 2001, the number of adults enrolling in a training programme was more than three times higher than in 1985, and had increased by more than 50% since 1993. These figures most probably reflect

Box 5.11. In Denmark, the system of adult vocational training is faced with new challenges in a changing PES

Since the 1960s, adult vocational training in Denmark has been considered a state responsibility. That is still the case in March 2001, as the 16 vocational training centres (AMU) come under the Ministry of Labour through the national labour market authority (AMS). These centres, however, are increasingly managed along commercial lines.

The main clients of AMU centres are local PES employment agencies (AF) and local authorities which send the unemployed and those on social security for training, as well as private and public sector companies and their employees. Unemployed people under individual mobilisation plans keep their unemployment benefit during training. Employees are trained free of charge and may receive an allowance to cover the cost of travel and accommodation.

Since 1 January 2001, the financial aspects of training the unemployed and beneficiaries of social security have been made more transparent. In the case of the unemployed, the AF agencies buy training courses from the AMU centres or other training organisations and thus pay the institutions according to the same general principle of the taximeter that is the basis of public financing of adult education and training in Denmark. The same goes for the local authorities who finance training of beneficiaries of social security. Employees are only sure to receive a full training allowance for courses involving “generic formal skills”. For specific recognised and more specialist skills, their allowance may be progressively reduced. Companies which could previously train their employees free of charge can only do so for generic transferable skills and not specific skills that only apply to their own specialist area. Customised courses for companies can be arranged, subject to financial participation or external financing, notably through European programmes. A new institution managed by the social partners (AUF) is responsible, among other things, for arranging financing for training planning in SMEs.

The integration of the actors concerned in training also occurs at regional level in the 14 regional labour market councils with representatives of the social partners and local authorities. Their role is to control the budget and decide policies to improve the local labour market in the short and long term. The skills profile required at regional level is determined twice a year through reports which allow monitoring of the pattern of regional demand, and setting measures to prevent shortages of skilled labour.

Thus, in Århus, the objectives of the regional labour market council for 2000 are to seek to overcome bottlenecks, prevent marginalisation of vulnerable groups, raise the level of education of the unemployed, develop an effective job placement system, ensure a close link between active measures and demand for labour, and promote employment growth. Few courses are envisaged to meet skills shortages since the preventive measures are effective. On the other hand, groups at risk, such as older workers, immigrants and the uneducated, face real difficulty in obtaining jobs, even in a tight labour market. Individual action plans are prepared with and for them applying the “step-by-step” concept of progressive learning from motivational courses to in-depth learning.

Source: Interviews with managers, Århus, November 2000.

greater use of shorter training courses and the diminishing value attached to costly programmes such as long training courses leading to a qualification. The number of participants varies significantly from country to country, ranging in 2001 from 0.5% of the labour force in the United Kingdom to 15.9% in Denmark.

In the nine countries of the thematic review, participants are more often employed rather than unemployed adults. Figure 5.11 shows that on average 5.5% of the labour force participated in public training programmes in late 1990s/early 2000s, 3.6% of them employed and 1.9% unemployed. However, there are only three countries where there are relatively more

Public training programme participants are more often employed rather than unemployed adults.

Table 5.1. Public training programmes
 Spending as a percentage of GDP on active measures and inflows of participants, 1985, 1993 and 2001

	Spending on public training (% of GDP)			Spending on public training (% of active measures)			New participants (% of labour force)		
	1985	1993	2001	1985	1993	2001	1985	1993	2001
Canada ¹	0.35	0.31	0.17	54.6	47.0	42.0	1.7	2.8	1.6
Denmark ²	0.43	0.47	0.84	38.9	26.9	54.3	5.6	11.2	15.9
Finland	0.26	0.47	0.29	29.3	27.5	30.4	1.2	2.8	2.8
Norway	0.10	0.33	0.06	16.3	28.6	7.3	0.8	3.5	0.9
Portugal ³	0.18	0.25	0.15	51.4	29.9	25.1	0.2	1.3	9.9
Spain	0.02	0.11	0.14	6.7	21.0	19.4	0.5	2.9	14.6
Sweden	0.50	0.75	0.30	23.7	25.6	27.6	1.9	4.2	2.3
Switzerland	0.01	0.06	0.08	6.5	16.2	17.7	0.3	1.0	1.3
United Kingdom ⁴	0.07	0.15	0.05	9.2	26.4	13.0	..	1.3	0.5
Unweighted average	0.22	0.32	0.23	26.3	27.7	26.3	1.5	3.4	5.5

.. Data not available.

Note: Canada, Denmark, Finland, Norway and Sweden: 1986 instead of 1985; Portugal: 1987 instead of 1985.

1. Fiscal years starting on 1 April. Last update for data on new participants in 1997-98.

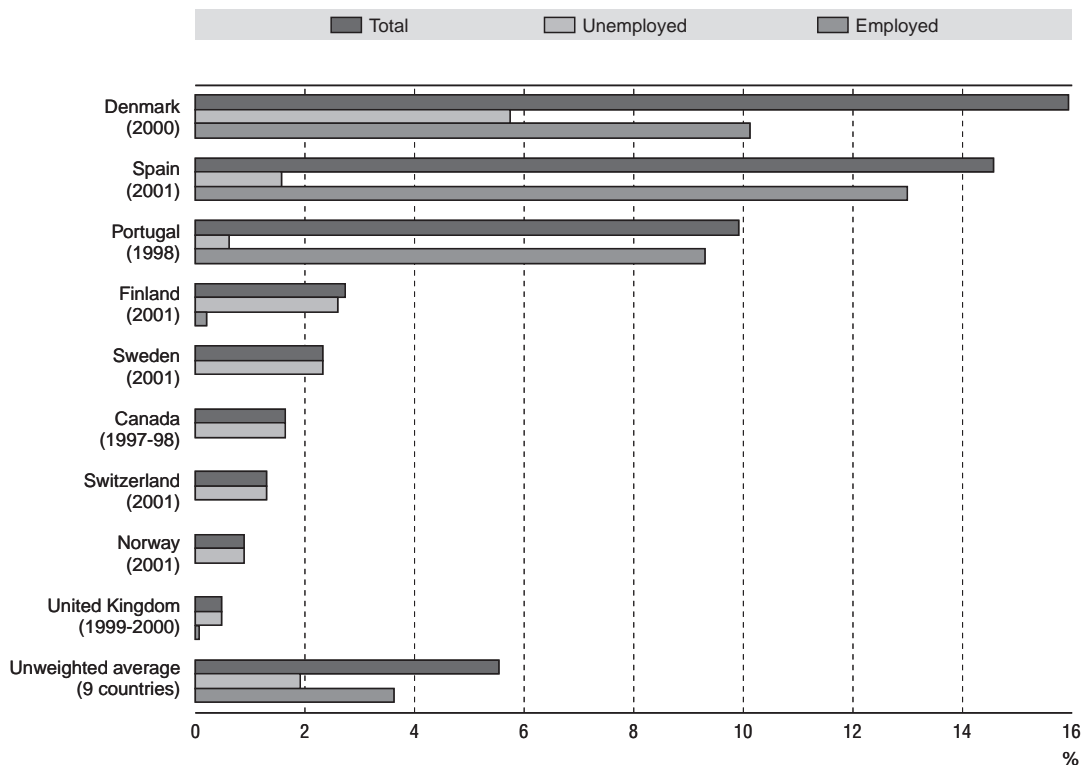
2. Last update in 2000.

3. Last update in 2000 for data on spending and 1998 for data on new participants.

4. Fiscal years starting on 1 April. Last update in 1999-2000.

Source: OECD database on labour market programmes.

Figure 5.11. New participants in public training programmes
 Percentage of the labour force, 1998-2001



Note: Countries are ranked in descending order of the total participation rate.

Source: OECD database on labour market programmes.

workers in training, Denmark, Spain and Portugal. In the other six the opposite is true; there are even four countries where only the unemployed have access to public training programmes: Canada, Norway, Switzerland and Sweden.

Potential conflicts between different objectives

The objectives of public training programmes include enhancing participants' prospects of getting a job and giving them the means to improve their qualifications. The PES subsidises training to prevent insufficient investment, especially in technical training, and to achieve greater equality of opportunity. Public training programmes can be regarded as seeking three distinct global objectives at the same time: 1) reduction in unemployment; 2) reduction or prevention of skilled labour shortages; 3) raising levels of education or skills. These objectives may conflict. Programmes seeking to quickly end unemployment benefits do not allow the beneficiaries to undergo full training and thus to raise their level of skills. The problem becomes more acute when the economy is growing rapidly and there is a shortage of labour, as trainees are often forced to give up their training programme because they have found a job. Some argue that in the long term, this means a loss of skills to society.

The objectives driving these programmes can conflict.

While in a tight market the unemployment rate declines, the limited group without employment is increasingly made up of people who are very far from being job-ready. Often, they lack initial education and have only a very low level of basic knowledge. At the same time, fewer resources are allocated to training by the PES since the number of unemployed is shrinking. The challenge then, with less resources, is to effectively enhance the employability of the long-term unemployed knowing that these persons have a particular need for progressive and intensive training using appropriate teaching methods to overcome serious learning difficulties.

In times of low unemployment, those without work should be recognised as those most needing training.

According to analyses by the Danish Ministry of Labour (Maerkedahl, 2000) activation measures based on the principle of the beneficiaries' rights and obligations can have three main effects at the individual level: the upgrading of qualifications effect, the motivation effect and the retention effect. The first two encourage people to get out of the unemployment benefit system, by increasing and promoting the employability of the beneficiary and motivating the unemployed person to explore all employment opportunities, including before the beginning of an offer of activation. The retention effect, on the contrary, means a reduction in the unemployed person's jobseeking activities during the activation period. The application of these different effects to public training programmes shows that upgrading of qualifications requires a period of retention in a training programme before becoming effective. It should be recognised, however, that most public training programmes are of fairly short duration.

For groups of unemployed who have the best chance of rapidly finding employment, the retention effect on activation measures is sometimes comparable to the dead-weight effect if the benefit during the activation measure is relatively high in relation to wages. It is then recommended that training be targeted at the long-term unemployed and that workers who are easily employable not be encouraged to participate in public training programmes at the beginning of the period of unemployment. This is the opposite of the

creaming-off effect which results from quantitative objectives imposed on local employment agencies in evaluating the implementation of training programmes. PES staff then tend to select for programmes those individuals who have the best chance of quickly finding a job at the end of their training.

In some cases, upgrading qualifications might require more intensive courses.

In some cases, the effect of upgrading qualifications cannot be attained in programmes that are too short and not sufficiently intensive. Thus it is shown in the country note of Canada that upgrading courses for adults with reading and writing difficulties who want to reach literacy Level 3 require in the best cases six to twelve months of full-time study, whereas the programmes established in Canada provide one or two three-hour sessions a week. At that rate, it is observed, it would take three to six years to reach that level of competency, whereas few adults can be motivated to participate in programmes lasting that long. Yet there is a long waiting list for such courses.

The implementation of public training courses must take account of the combination of these individual effects. In Norway, some local employment agencies apply a new model for the implementation of public training programmes (Box 5.12). This flexible model, where the key words are

Box 5.12. A new model of public training programmes in Norway

The new model of public training programmes is constructed on a system of modules, personalised individual training, continuous admission to modules and award of certificates on completion of each module, and a formal qualification on completion of about five modules.

The example of the welding course at Mosjøen, traditionally lasting two years, is illuminating. In the past, the maximum capacity of programmes was 12 trainees over two years; now there are 80. The new system has made it possible to reduce the training period to 15 weeks, with five modules that can be taken at the same time or one after the other. There are no more dropouts in the middle of a module and a break between two modules is not a problem: the trainee can therefore train mainly in winter, when he/she is temporarily laid off. Theory and practice are combined in the learning process. Each trainee has a personal training programme and the trainer must monitor everyone's progress as a group or individually. Trainees are motivated to take charge of their own learning.

The successful implementation of this new model relies on close local co-operation between the employment agency, the skills resource centre (MRK) and employers. The practical part of the training takes place in companies which produce a course report with a view to improving the training programme.

The employment agency and the MRK co-operate in determining the level of each trainee. A standard procedure is followed:

- The employment agency sends each trainee's CV to the MRK.
- The MRK discusses the CV directly with the trainee to determine which modules should be included in the personal programme.
- The MRK sends the personal programme to the employment agency.
- The employment agency decides whether or not the trainee will take the course.

The employment agency and the MRK hold weekly meetings to follow trainees' progress, discuss all kinds of possible improvements or problems that arise, and co-ordinate continuous admissions.

Source: Interviews with managers, Mosjøen, March 2000.

modules, tailor-made programmes, continuous admission and certification, was developed to overcome the weaknesses and problems that are found in more traditional and rigid organisations, such as:

- Admission at a fixed date, which rules out those who become unemployed afterward.
- Long courses that must be taken without a break in order to obtain a certificate.
- The impossibility of replacing people who leave the programme, which leads to high costs per trainee.
- Non-recognition by a certificate for partial completion of a course.
- Content that is not adaptable to individual needs or to the practical experience of people with reading and writing difficulties.

Contrasting effects revealed by the evaluations

Evaluations of public training programmes in OECD countries suggest a very mixed track record (Martin, 2000 and Martin and Grubb, 2001 for an overview of the evidence from recent OECD countries' experience). It has been estimated that some programmes have a low or even negative return for participants if the effects on wages or employment are compared with the cost of achieving those effects. However, there are some public training programmes that work, more in terms of increased employment opportunities than significant effects on wages. In the case of adults, it is observed that the results are almost always positive in the case of women and less favourable for men. Some public training programmes seem to be effective for certain target groups and not for others. Martin and Grubb (2001) highlighted four critical features in the design of public training programmes: *i*) the participants must be strictly targeted; *ii*) the scale of programmes must be fairly small; *iii*) the programme must lead to a certificate that is recognised and valued by the market; and *iv*) the programme must have a significant on-the-job training component, thus establishing strong links with local employers. It will be shown here whether other important factors were identified in the countries examined in terms of good practice, especially for long-term unemployed.

A recent evaluation of the effect of government-sponsored training programmes in Canada on the transition to the labour market of disadvantaged young adults shows that their participation in training activities while on unemployment insurance results in a better success rate in finding employment (Gilbert *et al.*, 2001). On the other hand, for poorly educated men participating in welfare training activities, the effects are not as good as for those who do not participate in these activities, even taking into account the diverse nature of the population in question. In Norway, Aakvik (1999) finds that the unemployment insurance system influences the selection of participants in training programmes. It is the low-paid workers who do not have a strong link to the labour market prior to training who are over-represented. Yet the effects of training in terms of jobs are positive and significant, especially for women.

Switzerland, also faced with a rapid rise in unemployment in the 1990s, developed an ambitious policy to activate the unemployed, which included training programmes. Gerfin and Lechner (2000) were able to draw on a huge wealth of data in an administrative database on management of unemployment

Public training programmes have produced very different results.

and social security. They distinguished five fairly homogeneous categories among the 16 different kinds of courses: 1) basic courses to enhance jobseeking and self-confidence; 2) language courses; 3) continuing vocational training courses; 4) computer courses; and 5) other courses (mainly for specific occupations). They evaluated the effects of participating in these courses on the likelihood of employment in the short term. The effects are somewhat contrasting and inconclusive based on type of course, the best results coming from continuing vocational training courses, other courses and computer courses, and the least good from language and basic courses.

They have proved less effective when unemployment is high.

Hämäläinen (2001) also explores the hypothesis of the negative correlation between effectiveness of training programmes and unemployment levels in Finland. The unemployment in that country rose abruptly between 1990 and 1994, by 15 percentage points from 3.4% to 18.4%. The government responded to this rise in unemployment by increasing active measures, especially training programmes (Table 5.1). The author highlights the following results based on micro-data for participants in training programmes (the trial group) and other unemployed (the control group) by comparing a peak period (1988-89), a period of rising unemployment (1991-92) and a period of persistent high unemployment (1993-94):

- The effects in terms of employment of public training programmes are positive and statistically significant. They declined considerably over the period but only three years after unemployment began to rise and especially for participants who did have good employment prospects (high level of education, short-term unemployment, etc.).
- Between 1989 and 1994, the impact became more effective for categories at risk, which suggests that in a period of high unemployment, training programmes yield better results when they are targeted at individuals whose initial employability is low. In a period of low unemployment, the opposite seems to be true.
- The loss of effectiveness in a context of high unemployment is attributed not only to traditional factors such as discouragement, declining scale returns of over-large programmes and the reduced role of training as a signal, but also to non-observable factors. The author suggests two elements which in the early 1990s affected the selection process for training programmes and acted as an incentive only to keep job-ready participants in programmes. In the first place, there was the introduction of management by results, first in three districts in 1990 and then throughout the country in 1991. This in turn introduced specific targets both for the number of new places in programmes and the proportion of trainees who must find a job on completion of the training. The second change was the loss of the monopoly of public vocational training centres, which allowed the PES to buy training courses from other organisations. The result was a 60% fall in the proportion of training days provided by public vocational training centres.

The longer-term effects are positive and rise with the length of the training.

Calmfors, Forslund and Hemström (2001) recently presented a report on Sweden's experience of active labour market policies. With respect to public training programmes, the authors observe that:

- The estimated effects of training linked to the labour market in the 1980s differ from those in the 1990s. The estimates in the 1980s show significant

positive effects on employment and the wages of participants, while the effects of training in the 1990s are either insignificant or negative. They attribute that to the high unemployment in the 1990s, the introduction of large-scale programmes, the use of these programmes to requalify participants for unemployment benefits, and the considerable fall in demand for labour.

- The short-term effects are generally not significant or even negative, while taken over a longer period the results are markedly better. Their hypothesis is that training increases participants' reservation wages.
- The long-term effects on incomes and employment tend to rise with the length of training.

In the majority of OECD countries, only a non-experimental evaluation of training programmes is possible due to lack of suitable data, to the extent that there is no question of implementing arbitrary social programmes as one does to test the impact of medicines (Baslé, 2000). In the countries that participated in the thematic review, there are few "experimental" evaluation studies of training programmes based on a strictly random distribution between trial groups in order to eliminate the bias involved in self-selection and to determine the real average impact of training. Ham and Lalonde (1996) hold that even if this method could provide an adequate short-term mean programme impact, it does not guarantee that long-term impact would be void of any systematic biases. Certain evaluations reconstruct a control group from administrative files but such a group is hard to follow longitudinally because it is subject to a phenomenon of attrition for reasons not necessarily related to the programme. In the United Kingdom, Payne (2000) advocates allowing social experiments, but as long as there is no political will to do so it is better to try to understand the process of selection for programmes. Some new administrative files, such as the *New Deal* evaluation database, allow evaluations that can better help to decide the policy to adopt.

There are few experimental evaluation studies.

The results of social experimentation on public vocational training programmes in the AMU in Denmark clearly illustrate the difficulties in conducting such experimentation. This method of experimental evaluation was applied in 1994 to determine the effects on employment of the participation of unskilled adults in training courses lasting an average of two weeks (Rosholm, 2001). The problem is how to determine and maintain the experimental character of the trial and control groups' composition because of people who do not turn up (no-shows) and unemployed excluded from courses who somehow still manage to follow them (cross-overs). The unemployed in 1994 who enrolled for specific courses beginning in May or June 1994 were randomly distributed between a trial group (425 individuals) and a control group (387 individuals). Only the individuals in the trial group received confirmation of their enrolment but just over half (219 individuals) actually came to the course; the others did not turn up. In the control group, one-fifth (86 individuals) managed despite everything to follow the course and the actual control group thus contained only 78% of the original group.

The results of this experimental study show that, for all unemployed, participating in a training course increases the probability of being unemployed six months after participating compared with not participating. One of the reasons is that jobseeking takes time and that training reduces the intensity of the search. Another reason is that unemployed non-participants

had the benefit of other more effective measures such as assistance with jobseeking, other types of training or job creation schemes. Finally, the objective evaluated, leaving unemployment, is perhaps not relevant to this specific training which is primarily aimed at adults in employment to increase their productivity, with the unemployed having the lowest priority in access to this type of course.

***A reasonable balance
should be struck
between efficiency
and equity.***

Even if some programmes are evaluated on paper as cost-effective, the implementation process is crucial. Some schemes can dissuade certain groups from participating. As an example, Gray (2000) lists serious disincentives arising from a too-narrowly defined output-related funding system for training organisations leading to creaming and the curtailment of skills training in order to secure an immediate job. Short-term success rates, for example 60% of participants finding a job within two months after completing the training, may prevent any disadvantaged unemployed person being selected for a training course. Employability is clearly a key outcome of any successful training activity, but a reasonable balance should be struck between efficiency and equity, such as social inclusion. High-performing training programmes should be specifically targeted at low-skilled and socially excluded people.

For Nicaise (2000), there is no inherent equity-efficiency dilemma in training for disadvantaged groups. The added value of training programmes should be measured not merely in terms of raw placement rates that measure the possible effects of training but also in terms of the impact of participants' entire previous history (initial education, work experience, etc.), which has nothing to do with the training programme itself. Differential placement rates for participants with comparable characteristics show that participation in training is more efficient for those whose position in the labour market is weaker. He advocates redirecting resources towards deprived groups by removing a series of legal, administrative, material, financial, psychological and especially educational barriers so as really to be able to respond to the needs of the target groups. The beneficiaries of social assistance and other unemployed people not eligible for unemployment benefits are particularly vulnerable because they are often not eligible to participate in traditional training programmes.

Grubb and Ryan (1999) also try to isolate the critical elements that make public adult training programmes work. They think that many of them offer cheap, short-term catch-up courses and fail to get their beneficiaries into worthwhile permanent employment. To achieve the latter, these public training programmes would have to prepare people for qualifications in demand in the labour market and provide quality training valued in the market – that would also reduce the displacement effects. However, the objectives of this kind of programme should not be limited to the efficiency criteria to which the evaluation is often confined. Above all, they should tackle issues of equity, especially giving a chance to disadvantaged people. It is in this sense that Grubb and Ryan put forward nine recommendations to allow a pragmatic evaluation of vocational training (Box 5.13).

Good practice in public training programmes

A number of good practices can be found in the countries examined in terms of funding and of effectiveness of training for the unemployed:

Box 5.13. Towards a pragmatic perspective on evaluating vocational education and training (VET) programmes

Evaluation should be pragmatic rather than orthodox and based on a wider variety of approaches and measurements of results, more closely matching the programmes' initial objectives and the results achieved. Two considerations are central: evaluation generates new and better information about the programmes, and evaluation is best used to understand how programmes work and have evolved.

1. Evaluations of VET programmes should never lose sight of labour market outcomes and should be more concerned by the processes leading to those results.
2. The analysis of VET programmes should try to use a variety of evaluation methods, given that each is imperfect and incomplete.
3. VET evaluations should consider a broader range of outcome measure.
4. Evaluations should consider long-run as well as short-run effects of VET programmes.
5. Evaluations of VET programmes should examine results not only in terms of efficiency but also in terms of equity.
6. Although publicly sponsored training appears to succeed less often than does privately sponsored training, governments should approach with caution any harnessing of private provision to public goals.
7. Countries and international agencies should seek to incorporate evaluation into tripartite discussions and other political forums, recognising that the use of evaluation evidence depends on political factors.
8. Countries and international agencies should view the evaluation enterprise as a long-term activity, one that requires stability and longevity to become more influential and more sophisticated over time.
9. Rather than continuing with conventional programme evaluation, countries should incorporate systems' perspectives into evaluation.

Source: Grubb and Ryan (1999).

- Public financing of training programmes is usually reserved for general skills, while skills specific to a company are the responsibility of companies as clients of public centres. Special financing for SMEs is envisaged.
- Training organisations are not financed solely on the basis of quantitative results achieved in the short term, which leads to creaming and the curtailment of skills training, since the objective is immediate placement. Quality criteria must also be included in the call for tender.
- The process of implementing the training programmes involves co-operation among all those concerned with training at all stages of the training scheme.
- The PES operates a flexible model for implementing public training programmes where the key words are modules, tailor-made programmes, continuous admission and certification.
- Public training programmes prepare people for qualifications in demand in the labour market and provide quality training valued by that market.

- Preventive actions are implemented to avoid shortages of skilled workers.

There are also good practices to reach the long-term unemployed or disadvantaged persons:

- When unemployment is high, training should be targeted at the long-term unemployed, and workers who are easily employable should not be encouraged to participate in public training programmes at the beginning of the period of unemployment.
- It is necessary to avoid the creaming-off effect which results from too-narrow quantitative objectives imposed on local employment agencies in evaluating the implementation of training programmes, because it could prevent any disadvantaged unemployed person from being selected for a training course.
- Employability is an essential outcome of any successful training activity, but efforts must be made to strike a reasonable balance between efficiency and equity, taking account of social inclusion by giving disadvantaged people a chance.
- Programmes of training opportunities for the unemployed are extended to cover the needs of the most marginalised using progressive and intensive training with appropriate teaching methods to overcome serious learning difficulties.
- To redirect resources towards deprived groups, a series of legal, administrative, material, financial, psychological and especially educational barriers must be removed so as really to be able to respond to the needs of the target groups. The beneficiaries of social assistance and other unemployed people not eligible for unemployment benefits are particularly vulnerable because they are often not eligible to participate in traditional training programmes.

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TABLE OF CONTENTS

HIGHLIGHTS	7
Chapter 1. INTRODUCTION	15
1.1. Purpose of the thematic review.....	16
1.2. Organisation and process.....	16
1.3. Structure	19
Bibliography	20
Chapter 2. ISSUES IN ADULT LEARNING	21
2.1. An old issue brought up to date.....	22
2.2. Defining adult learning.....	23
2.3. Why adult learning is important.....	26
2.4. Key issues	32
Bibliography	36
Chapter 3. PATTERNS OF PARTICIPATION AND PROVISION: ASSESSING NEEDS	37
3.1. Profiles of participation in adult learning.....	38
3.2. The supply of adult education: different modes of provision.....	55
3.3. Trends, needs and priorities	63
Bibliography	66
Chapter 4. OVERVIEW OF COUNTRY POLICIES AND PRACTICES	69
4.1. A diversity of objectives for public intervention in adult learning.....	70
4.2. Country policy approaches to adult learning	71
4.3. Features of policy design and implementation	86
4.4. Adult learning and policy making	91
Bibliography	102
Chapter 5. STRENGTHENING THE INCENTIVES AND MOTIVATION FOR ADULTS TO LEARN	105
5.1. Covering learning needs – the challenge.....	106
5.2. Employment-related training	125
5.3. Public training programmes.....	146
Bibliography	157
Chapter 6. IMPROVING THE DELIVERY OF LEARNING TO ADULTS	161
6.1. Learning methods specific to adults.....	162
6.2. Delivery mechanisms to suit the learner	180
6.3. Outlook on delivery	194
Bibliography	197
Chapter 7. PROMOTING BETTER INTEGRATION OF SUPPLY AND DEMAND	199
7.1. The diversity of provision of adult learning.....	200
7.2. The functioning of the adult education and training market.....	205
7.3. New directions for guidance, counselling and support services	208
7.4. Key aspects for promoting better integration	212
Bibliography	214

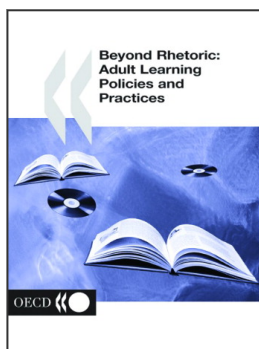
Chapter 8. DESIRABLE FEATURES OF ADULT LEARNING SYSTEMS	215
8.1. The increasing policy-relevance of adult learning.....	215
8.2. The challenges ahead: improving equity and efficiency in provision.....	216
8.3. Addressing the challenges: key features of an integrated approach to adult learning policies	217
8.4. In conclusion.....	222
Bibliography	224
Annex 1. Comparable Sources of Data on Adult Learning	225
Annex 2. Data for Figures	227
Annex 3. National Co-ordinators and Review Team Members	239
Annex 4. Country Codes Used in Tables and Charts	249
Annex 5. Acronyms	251

Tables

3.1. Adult learners by type of learning undertaken	48
3.2. Differences in training paid for or provided by the employer	53
3.3. Adult learners by mode of provision	56
3.4. Supply of adult learning	56
4.1. Costs of training courses in enterprises	85
4.2. Different country approaches to adult learning	93
5.1. Public training programmes	148

Figures

2.1. Literacy levels in selected countries	28
2.2. Ageing of the population.....	31
2.3. Younger generations are more educated	31
3.1. Participation in adult learning by gender.....	39
3.2. Participation and average days of training.....	40
3.3. Participation in adult learning by age groups.....	42
3.4. Adult learning by educational attainment	44
3.5. Adult learning by literacy levels.....	45
3.6. Adult learning by residence situation	46
3.7. Reasons for adult learning.....	47
3.8. Adult learning by labour force status.....	49
3.9. Adult learning by occupation.....	50
3.10. Training enterprises and type of training.....	52
3.11. Adult learning by firm size	54
4.1. Sources of adult learning financing by labour force status	83
5.1. Self-assessment of reading skills by prose literacy level	108
5.2. Prose literacy level by self-assessment of reading skills	108
5.3. Prose literacy level by response to whether reading skills limit opportunities at work.....	109
5.4. Prose literacy level by self-assessment of reading skills in selected countries	110
5.5. Learners and non-learners by educational attainment.....	117
5.6. Linking individual financial assistance and individual level of qualification.....	118
5.7. Unsatisfied demand for learning.....	119
5.8. Unsatisfied demand for training by educational attainment.....	120
5.9. Reasons for not participating in adult learning activities.....	123
5.10. Return to training by initial educational attainment	144
5.11. New participants in public training programmes.....	148
6.1. The pedagogical triangle	165
6.2. Households with access to a home computer and the Internet.....	191



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