

Preliminary Title

Is Europe moving towards a new paradigm of public sector management?

The case of professional education in Europe

Abstract

The EU disposes limited legal competencies for intervention in the labour market and in education and instead uses innovative tools to improve efficiency and to facilitate convergence. In both domains Member States guard their prerogatives, but the gradual introduction of what is often described as *soft law* has had considerable impact. The Open Method of Coordination (OMC) is the main instrument which has attracted a lot of attention in the academic community. OMC was used within the Lisbon Agenda up to 2010. Now it operates under the 2020 Strategy using extensive negotiations that result in consensus among the Member States about specific policy targets and practices. It produces EU guidelines, indicators, benchmarking, joint reports, mutual learning with peer reviews and exchange of good practice. It mainly concerns the public sector and it is often associated with successful reform efforts. However, one area where a lot more is expected is the Vocational Education and Training (VET). If someone looks at skills' shortages and at amounts countries spend for vocational education, they would certainly realise the importance of this domain and the huge potential for improvement. At a time when economizing measures and new technology are infiltrating public sector services with mixed results, VET is left behind. It remains the Cinderella of education, failing to embrace promising innovations such as e-learning that have the potential to offer quality training at minimal cost for the trainees. Soft law or other policy tools need to do a lot more in order to modernise this important but neglected domain. It might well be the case, however, that both soft law and the existing market structures in VET are inadequate to reform this domain and more direct public intervention is needed. Market mechanisms seemed unable to incorporate new technologies and to provide higher quality training at a reduced cost. There is a reluctance of educational organizations to offer mass inexpensive training as well as reservations on the part of educators to embrace all the potential of new technologies.

The main objective of this paper is to examine why the functioning of the OMC within current VET structures is limited, without any type of stronger state intervention. The focus of the discussion is on the use of economizing new technologies that could benefit disadvantaged groups such as the unemployed and the low skilled.

Key words: economization, VET, OMC, e-learning, blended learning, peer review, peer learning, low-skilled, unemployed,

Economization vs. liberalisation

Economisation, that is the public sector adjustments to the demands of business and of the market, gains gradually more ground and shapes contemporary capitalism. It moves in a path that appears parallel to liberalization, a central element in the evolution of the EU. Free circulation of capital, products, persons, services and knowledge within the single market, lays the foundations of the EU edifice. With the aim of establishing and preserving the single market, the EU created, very successfully, a pervasive sort of change in the economy using

legal instruments. The benefits from the Single Market are unquestionable and the process is one of the legacies of the EU. Economization, however, has different objectives and challenges the public service tradition in Europe. Does it make sense to promote or to defend economization? Using as a reference the vocational education and training (VET), this paper will examine the role of economization in a market system.

The public or the private sector may turn to economization measures when they attempt to improve competitiveness. Very often, however, economization has been abused and it was used as a pretext for unnecessary redundancies. As a result, it has acquired a negative connotation. But the concept does not originate only from business practices. Marx has considered economization of labour and particularly economization of time as critical elements in improving conditions of life.

*“On the basis of communal production, the determination of time ... remains essential. The less time the society requires to produce wheat ...the more time it wins for other production, material or mental. Just as in the case of an individual, the multiplicity of its development, its employment and its activity depends on economization of time. Economy of time, to this all economy reduces itself.”*¹

Today, economisation, gains gradually more ground and shapes contemporary capitalism in a direction that goes well beyond Marx’s thoughts. The dynamic growth of capitalist economies through relentless innovation, including the permanent revision of institutional arrangements in order to “economize” on transaction costs, is a central feature of capitalism². No part of the state is privileged from the ramifications of this trend. What are the consequences? Has the introduction of economization, acted as self-destructive force or as self-stabilizing in public services? What happens in the case of innovations in the area of Vocational Education and Training (VET) in Europe? Does the absence of legal involvement of the European Union in VET help or protect MS from the destructive effects of economizing?

Most countries struggle to properly manage the economization process particularly when it is combined with other trends. It appears that at the local and national level, the traditional risk free approach of the public sector seems inefficient to deal with technological developments and to solve complex organizational or conceptual problems. In environmental issues, in education, in health as well as in many other domains, global commercial forces freely exploit the complexity of technological advances and render the existing knowledge and power at the level of country too weak to protect the public and the consumer, from the consequences of the single-minded profit making approach of the market.

At higher level, the EU operates on the basis of quasi-consensual agreements through legal mechanisms, into a continuous structural transformation. It aims at increasing the efficiency of the economy as well as the effectiveness of social institutions. External or internal powerful actors in the economy make deals and change institutions. Technological change, globalization, the carbon-free economy and demographic changes appear as the most powerful forces that set the pace of change. The EU follows closely the developments and suggests the most appropriate and successful approach for Member States. A typical example

¹ As reported in : Gable Andrew, *An introduction to Modern Social and Political Thought*, Macmillan Press 1981, London, p.129

² Wolfgang Streeck, *Taking Capitalism Seriously: Toward an Institutionalist Approach to Contemporary Political Economy*, MPIfG Discussion Paper 10 /15, Max Planck Institute for the Study of Societies, Cologne, November 2010
MPIfG Discussion Paper, ISSN 1864-4325 (Internet)

is the formulation of the flexicurity approach in Labour Markets that has started with different degrees of success in various countries and it is now consolidated with some help at the EU level. Flexicurity mainly concerns changes in the organisation of work: In response to increased competitive pressures, firms are moving towards “flexible management” practices, which give more responsibility and autonomy to lower-level workers and thus increase their need for higher-level skills. Continuing education and training can help prepare the current workforce, particularly older workers, to adapt to the changes in their working environment³. However, and according to Cedefop forecasts the low skilled the non-employed are vulnerable and a method that will offer them quick and efficient skills up-grading is needed.

These developments have increasingly wider influence and no part of the economy or of the society can escape their impact. Social institutions are not immune and regional or national structures are inadequate to deliver, when they are confronted with external or internal challenges of that size. Only co-coordinated, and coherent responses at supranational level, have some chances to deal successfully with these waves that impose changes.

However, coordinated initiatives -particularly at EU level - are often criticized as too cumbersome or as presenting a threat to well established social institutions and services.

Does a competitive approach in a market system that exploits advances in technology and education threatens well established institution or does it offer opportunities for more efficient and effective training methods?

Competition vs. public intervention

It is well understood that competition cannot always produce the most effective and efficient outcome. It needs appropriate state intervention and surveillance that will correct failings of a market functioning system. Even Hayek confesses that: *To create conditions in which competition will be as effective as possible, to supplement it where it cannot be made effective, to provide the services which, in the words of Adam Smith " though they may be in the highest degree advantageous to a great society, are, however, of such a nature, that the profit could never pay the expense of any individual or small number of individuals" these tasks provide indeed a wide and unquestioned field of state activity*⁴.

Hayek, however, is concerned by the danger of conferring great powers to an uncontrollable authority, and the possibility of abuse of power by this authority. He is particularly worried by the role of international organisations in that respect. In his words: *exclusive control of an essential commodity or service (as, for example air transport) is in effect one of the most far reaching powers which can be conferred to any authority. And as there is scarcely anything which could not be justified by “technical necessities” which no outsider could effectively question - or even by humanitarian and possibly entirely sincere arguments about the needs of some especially ill-favoured group which could not be helped in any other way – there is little possibility of controlling that power.*⁵

Hayek wrote these words when Europe was fighting against totalitarian regimes and he was certainly preoccupied by events of that time and would never imagine that a hybrid Government system like the EU would be able to intervene so successfully in Europe. His thoughts, however, reveal inherent deficiencies both of the capitalist system and in the state

³ OECD, Education at Glance 2010, OECD indicators

⁴ F.A. Hayek, The Road to Serfdom, Routledge, 2003, London & NY, p. 40

⁵ F.A. Hayek, The Road to Serfdom, Rutledge, 2003, London & NY, p. 235

interventions. Today, this debate becomes often too heated. It is the legitimacy of state intervention, however, that has been frequently criticised and it is often surprising how fiercely, capitalism resists any state interference with market failures. To put it more bluntly, in market systems, any expansion of the public sector is well publicized as a government assault on private enterprise whereas any private corporate movement into the public sector by concealed influence or activity is much less discussed or not at all.⁶ One example is suspicion towards state support of promising commercial or scientific ventures in areas of market failures; another is the *picking of winners* that is considered dangerous.⁷ In the case of VET the article finds that it is a well concealed inactivity on the part of the private sector coupled with insufficient state intervention that inhibits progress.

It all looks like turning a blind eye to problems of market systems. It is well known that the government has been always directly involved in science policy and in education. Since the 80s it has been estimated that two thirds of all work in science, both expenditures and personnel, is directly or indirectly depended on government.⁸ Today, Europe's innovation capacity requires knowledge partnerships and stronger links between education, research and innovation (the 'knowledge triangle')⁹.

Fortunately, in an era where the war between shareholders' vs. stakeholders' values is intensified - with the fight between rating agencies and governments as the most recent example - the role of government as a protector of acquired rights and values is reconsidered. The issues of relative rights and the moral boundaries of property rights are at the crux of this fight. Moreover, as Daniel Bell argued: "*It is now widely accepted that the linked relation of science to technology is now inextricable and the expansion of the technical and administrative classes in the society is largely irreversible.*"¹⁰ . One result of these developments is that the boundaries between public and private sector are becoming more and more blurred.

How does all this apply to VET? As has been argued, economic interests and constraints influence policy making mostly at the national level and to a lesser extent at the supranational level. That explains why at the national level market systems are unable to take advantage of technological developments and to offer quality VET using the most efficient and effective method of training. This is related with what Professor Streeck characterizes as the institutionalized cynicism of the free market systems. It produces the common good as an unintended by-product of the self interested pursuit of private goods. With VET services as the common good, producers would have had every reason to offer education and training packages using innovative methods. However, training services are not-standardized, and they do not possess characteristics that will foster genuine competition on price and quality. In the absence of state intervention every producer tries to influence and sustain consumer demand first by differentiating their own models or methods of training. Then producers try to control the market through monopolies, oligopolies or other means of market manipulation. As a result, all sell at unreasonably high prices and argue that their products offer the best

⁶ J.K. Galbraith, *The Economics of Innocent Fraud*, Penguin 2004, p. 48

⁷ Sir John Parker, the Chairman of the Royal Academy of Engineers consider "picking winners" as a dangerous phrase. He added: "*This seems to me to miss the point, since, in my experience, if you are going to be in a race then it's a lot better to be a winner than a loser*" *The Financial Times*, National news. p.4, 18.7.2001

⁸ Daniel Bell, *The cultural contradictions of capitalism*, Basic Books 1996, p.225

⁹ COM(2010)477 Final, 15.9.2010

¹⁰ Daniel Bell, *The cultural contradictions of capitalism*, Basic Books 1996, p.225

value for money. New entrants that attempt to break into the market with genuine innovations in quality and price find themselves blocked off by the risk from developing new products.

Technology often creates opportunities but consumers are left in the cold and pay high prices. There are many examples to date, including but not limited to innovations in computer and in telecom technologies, in environmental technologies and in many other domains.

The *soft* policy approach of the EU

Research on state reform in Europe started to highlight processes, like economisation, that make the public sector adjust to the demands of business and of the market. In VET the mixing-up of intentions and development presents an interesting case for analysis with wider potential implications. Graph 12 finds that in the EU, on average the private sector dominates and many other forms of public-private initiatives exist. In this complex domain the paper contemplates a management by objectives doctrine by the EU, the OMC.

For more than a decade the Open Method of Coordination operates in domains where - due to Treaty provisions - MS kept their legal prerogatives. OMC has started at the end of the 90s as a tool that could help EU countries to deal with issues outside the EU competence where it was apparent that learning from each other was for the benefit of everyone. Since that time, OMC has been established as a management by objectives tool in EU policy making. The European Employment Strategy is probably the most successful open method of coordination.

European Employment Strategy

In line with the Europe 2020 strategy, for smart, sustainable and inclusive growth, the European Employment Strategy seeks to create more and better jobs throughout the EU. To reach these objectives, the EES encourages measures to meet three headline targets by 2020: 75% of people aged 20-64 in work; school drop-out rates below 10%, and at least 40% of 30-34-year-olds completing third level education and at least 20 million fewer people in or at risk of **poverty** and social exclusion. The actions outlined in the flagship initiative "An Agenda for new skills and jobs" are essential to meet these targets. The European employment strategy uses OMC as the framework for EU countries to share information, discuss and coordinate their employment policies. Every year, these national governments (through the Employment Committee) and the European institutions produce the "employment package": the guidelines for national employment policies, proposed by the Commission and agreed by the national governments, set out common priorities and targets; the national reports delivered by the national governments and describing their employment policies, which are analyzed by the Commission for compliance with the Europe 2020 targets and flagship initiatives; and a Commission report, accompanied if appropriate by recommendations to national governments.

In parallel to this procedure, there is an ongoing dialogue between the Commission, national governments, trade unions, employers' bodies and the other European institutions (European Parliament, European Economic and Social Committee, Committee of Regions, etc.).

Within this framework several modern techniques and policy tools are used; continuous design and analysis of appropriate policy indicators; benchmarking; EURES - The European Job Mobility Portal ; the European Employment Observatory; and the peer reviews of Labour

Market policies. This last policy method – currently under the name of Mutual Learning Programme - proved highly resilient and popular with European countries and provides in depth analysis of policy successes.¹¹

The implementation of the European Employment Strategy was followed by similar processes in social protection and inclusion, in research, in information society, in enterprise promotion and innovation policy. In the area of education and training, the OMC, has a long history and it is used extensively in the delivery of policy objectives and targets. While fully respecting Member States' responsibility for their educational systems it develops synergies between the different education and training sectors through peer learning activities, exchange of good practice, benchmarking, periodic monitoring and dissemination of outcomes. The Copenhagen process in VET is an important aspect of European cooperation under the open method of coordination.¹²

Recently, the Council of the EU confirmed its support to the OMC and asked the Member States and the Commission to make the open method of coordination more relevant to Member States' needs and interests. Recognising the importance of this process in terms of budgetary expenditure it suggests analysis to support exchange within the OMC framework on the link between educational investment and policy approaches aimed at achieving the 'Europe 2020' targets.¹³ Inequalities in this domain are striking. A relevant indicator for VET is life long learning (LLL) participation, where at least 15 % of adults in the EU (age group 25-64) should be involved in LLL activities. While certain advanced countries have already reached levels of participation at 40%, several Member States are still well below the 15% threshold.

The innovative nature of the OMC triggered a broad debate. OMC is used in policy domains where increased heterogeneity renders policy convergence very difficult. Therefore, nobody should expect spectacular results from a method that does not dispose of enforcement powers and relies on persuasion and on the mutual respect of agreements at the EU level. Despite that, with OMC as its main instrument, the Lisbon strategy would have reached its major objective of full employment by 2010 in the absence of the financial crisis. Moreover, OMC has shown potential to impact on national systems and achieve convergence in the research area, albeit not necessarily of a quantitative kind¹⁴. Given the limitations of OMC it was suggested that its legitimacy can be enhanced by strengthening parliamentary channels and by improving concepts and practices of direct 'stakeholder' participation¹⁵. It was also suggested that it should be either reinforced in terms of the 'national ownership' of the co-ordination processes and be improved in the mutual learning processes or it should be strengthened in terms of the strategic ('financial incentives') and normative ('legal obligations') forms of coupling between the European and national social fields¹⁶. The ongoing improvements to the

¹¹ For more info on all of these programmes and methods see at the web address:
<http://ec.europa.eu/social/main.jsp?catId=81&langId=en>

¹² Official Journal of the European Union, C119/2, 28.5.2009

¹³ Official Journal of the European Union C 70/1, 4.3.2011

¹⁴ Nina McGuinness, Conor O'Carroll, *JCMS* 2010 Volume 48. Number 2. pp. 293–318, 2010 Blackwell Publishing

¹⁵ Milena Buchs How Legitimate is the Open Method of Coordination? *JCMS* 2008 Volume 46. Number 4. pp. 765–786, Blackwell Publishing Ltd

¹⁶ Heidenreich Martin, Bischoff Gabriele. The Open Method of Co-ordination: A Way to the Europeanization of Social and Employment Policies? *JCMS*, 2008 Volume 46. Number 3. pp. 497–532, 2008 Blackwell Publishing Ltd

process are closer to the first suggestion since the second one requires EU Treaty amendments.

Despite many success stories, the OMC needs more ingenuity in order to facilitate the introduction of innovative and promising technologies that can economize from existing laborious processes in VET and offer efficiency and quality in teaching.

The case of vocational education & training Cost sharing in VET

VET is an area where the OMC has been repeatedly applied. Education and training have a fundamental role to play in achieving the 'Europe 2020' objectives of smart, sustainable and inclusive growth, notably by equipping citizens with the skills and competences which the European economy and the European society need in order to remain competitive and innovative, but also by helping to promote social cohesion and inclusion. By addressing the needs of the unemployed and of the disadvantaged groups, vocational training also becomes an indispensable institution in the promotion of social inclusion and an essential link between economic and social policies.

The central role of vocational education and training

A diverse vocational offer, with a stronger emphasis on key competences¹⁷, including transversal ones, can provide much needed routes for individuals to improve their qualifications and thus access the labour market. In the case of disadvantaged groups, the relevance of VET can be increased by tailoring provision to individual needs, strengthening guidance and counselling, recognising different forms of prior learning, and promoting alternate schemes for learning at the workplace. Increasing participation, particularly that of the low-skilled, in continuing vocational education and training is key to an active inclusion approach and to limiting unemployment in cases of industrial change.

VET is a vast and complex domain at the EU and at national level: European and National Qualification Systems, European Quality Assurance Reference Framework for Vocational Education and Training, Credit System for Vocational Education and Training, the Copenhagen process, as well as many other related EU initiatives are outside the scope of this paper. One aspect, directly relevant with economisation, will be examined within the limits of this paper: The sharing of costs in VET activities.

¹⁷ The nature of the skills or of the competencies that someone needs is central to this debate but it is beyond the scope of this article. Research in this area is intense in many organisations as in the European Commission, the OECD etc. The Commission has set the framework in this debate by identifying eight key competences necessary for personal fulfilment, active citizenship, social inclusion and employability in a knowledge society: 1. communication in the mother tongue; 2. communication in foreign languages; 3. mathematical competence and basic competences in science and technology; 4. digital competence; 5. learning to learn; 6. social and civic competences; 7. sense of initiative and entrepreneurship; 8. cultural awareness and expression. For more details please see : Official Journal of the European Union C 117/1, 6.5.2010

Public and private budgets spent for VET are considerable, but their exact size is difficult to estimate accurately due to the mixture of public private activities, to many parties involved, to the mixture of VET and other labour market activities and to the overlapping with other education activities¹⁸. Research on cost sharing of training at the EU level is still at an early stage but benefits from co-financed training activities are recognised and co-financing is a key to any initiative in the field of lifelong learning. There were several reviews on learning and the Thematic review for training activities under the mutual learning programme¹⁹ concluded that appropriate cost sharing of VET expenses among its stakeholders – individuals, companies and the state – can improve substantially VET efficiency and effectiveness.²⁰ The paper explores the most pertinent issues to the cost of VET in the EU. It commences with the Treaty provisions and the employment guidelines. It makes an analysis of VET trends, based at available statistics, it explores recent developments and it ends with policy suggestions.²¹

The Treaty's concern for VET

The Treaties support a coordinated EU strategy, in the area of VET, and the Social Charter is particularly concerned with vocational training. Articles 151 and 156 of the TEU reiterate the social ambitions of the EU by asking the Commission to encourage cooperation between Member States in basic and advanced vocational training. In line with the subsidiary principle, Article 166 of the TEU reaffirms that the Union shall supplement vocational training policies in member states, while respecting each state's responsibility for the content and the organisation of training. The Treaties further suggest more accessibility, and exchange of VET experiences among Member States and cooperation with third countries and international organisations.

The Integrated Guidelines 2010

The integrated guidelines go even deeper in supporting cost sharing of training. Guideline 8 suggests joint financial contributions from governments, individuals and in lifelong learning. Guideline 7 stipulates the raise of participation levels, particularly for the low-skilled and Guideline 9 urges Member States to invest efficiently in education and training systems. Other developments, such as the use of outsourcing or the delocalisation practices, have raised the significance of VET. Employers realise that systematic attempts to upgrade employee skills in demand, will better help them to penetrate higher value-added product markets. Peer pressure exercised through the Open Method of Coordination and the Mutual Learning Programme could provide more concrete results, particularly in forcing governments and employers to make improvements in the amounts they invest in the training and in the inclusiveness of their training practices.

In the light of the framework presented the following section of the paper will examine and analyse existing statistics for the sector.

¹⁸ According to estimates in Graph 10 based on OECD estimation countries spent for training between 0.05 to 0.25 of their GDP per year per inhabitant.

¹⁹ As discussed already the mutual learning programme is at the centre of the OMC and it is considered by many its most successful element.

²⁰ See page 9 in "Market failure as a source of underinvestment in further training" by Klaus Schömann, and Liuben Siarov International University Bremen. Paper prepared for the Thematic Review Seminar on the European Employment Strategy 28.9.2005 in Brussels: Sharing costs and responsibilities for lifelong learning". The paper provides a summary of a larger background EU financed study.

²¹ The paper is neither an endorsement nor a criticism of specific policies or practices. It is hoped, however, that it will stir a debate and will help Member States to better deal with cost sharing in training

Quantitative Analysis of EU training costs

TheData.

Evidence presented here mainly relies on the Continuing Vocational Training Survey (CVTS) conducted by Eurostat in 1999 and 2005 as well as the Adult Education Survey (AES) with reference year 2007. Vocational Training in CVTS includes training measures or activities wholly or partially financed by enterprises for their employees²², the AES covers general participation in education and lifelong learning activities (formal, non-formal and informal learning).²³ Despite uncertainties in the data this statistical analysis is useful for the argument of this paper. A busy reader, could look mainly at some of the underlined conclusions in each section without loosing the essentials in this paper.

Summary Statistics

Graph 1 shows that the cost of training as a percentage of total labour cost for enterprises clustered according to the number of their employees **averaged from about 1 to 2.5 % of total labour cost in the EU25**. It also indicates a diminishing cost efficiency of training from 1999 to 2005 related to the size of enterprises. As the number of employees in enterprises increases, there is an increase in the training cost as percentage of total labour cost. However,

Graph 2 suggests a stable number of hours in CVT courses in EU25 per participant by size class of enterprises each year, and **Graph 3a** does not indicate significant cost differences between SMEs and larger enterprises per training hour. What **Graph 2** further reveals is a **moderate decline in hours of training** from 1999 to 2005 in the EU25 and in most MS and this decline is slightly more significant for SMEs. Overall, the data suggest a **general decline in the cost of CVT courses as percentage of labour cost** in the majority of Member States. In this context, there are sharp declines in the UK but smoother ones in the Netherlands.

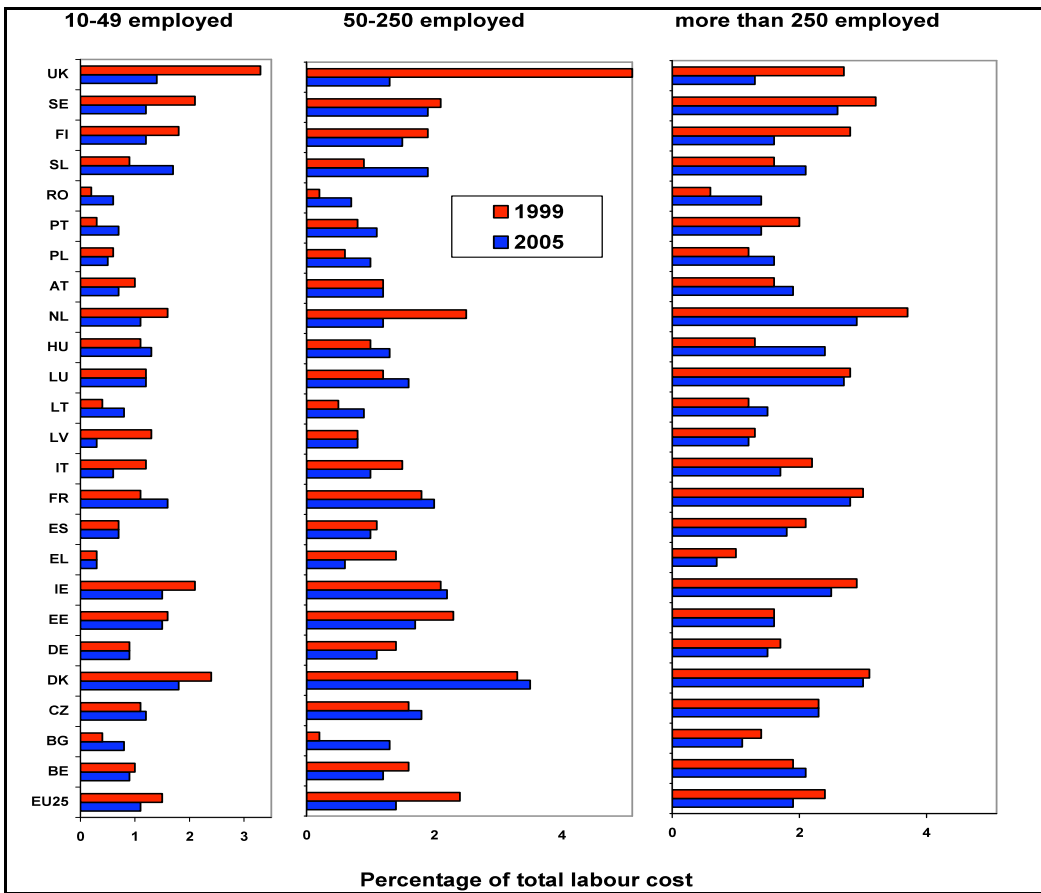
Graph 3 on CVT costs per participant indicates also a moderate decline in costs of CVT courses – a trend similar to that of the decline in hours of training - but often with increases in some MS.

In conclusion, the CVTS provide evidence for **diminishing training intensity despite declining costs of CVT courses**. These important observations will be analysed later in the paper.

Graph 1 Cost of CVT courses as % of total labour cost (all enterprises), by size class of enterprises (1999 & 2005 for sizes of 10-49, 50-250, more than 250 employed) (**red colour =1999, blue =2005**)

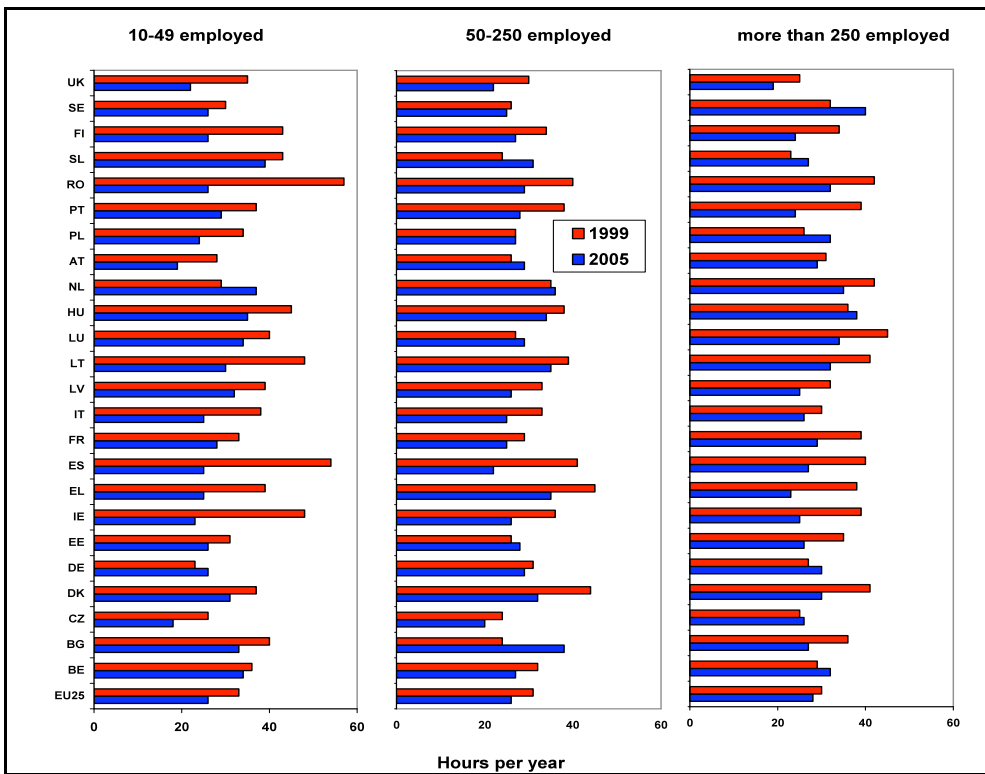
²² For full definition of the concept see Eurostat's Concepts and Definitions Database (CODED): <http://ec.europa.eu/eurostat/ramon/nomenclatures>

²³ See http://epp.eurostat.ec.europa.eu/portal/page/portal/microdata/adult_education_survey



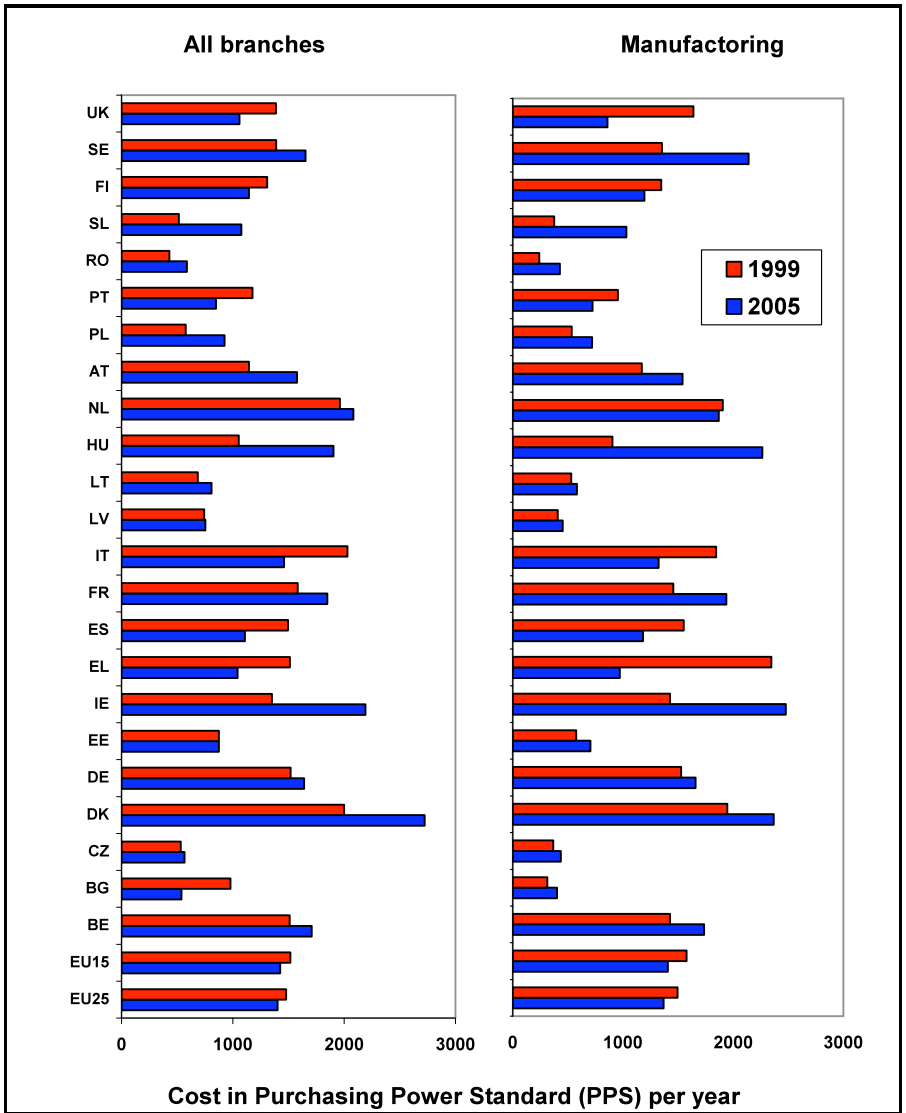
Source: Eurostat, cvts1, cvts3

Graph 2 Hours in CVT courses per participant and year, by size class (1999 & 2005 for sizes 10-49, 50-250, more than 250 employed)



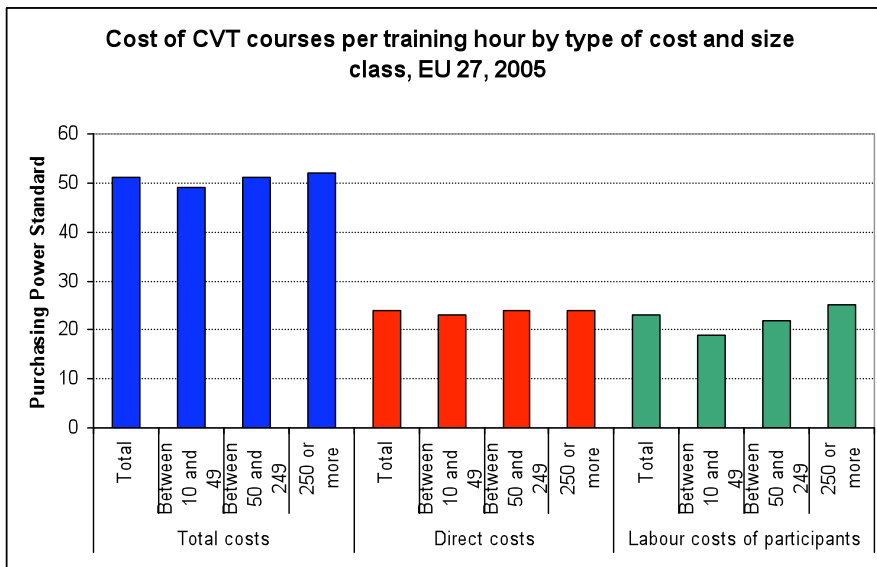
Source: Eurostat, cvts1, cvts3

Graph 3 Total cost of CVT courses per participant, by type of cost and NACE



Source: Eurostat, cvts1, cvts3

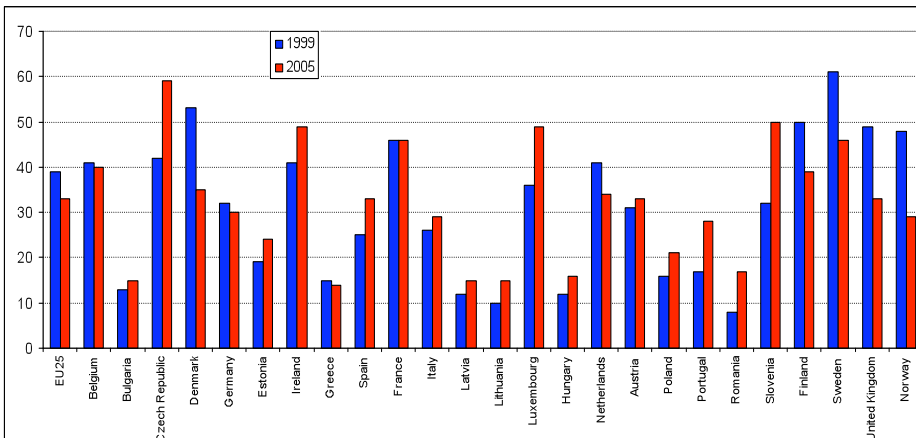
Graph 3a



Source: eurostat cvts3

Looking further at the CVTS we notice considerable differences across member states in the percentage of employees participating in CVT courses. **Graph 4** confirms the diminishing training intensity on average in the EU 25 but indicates increased participation in VET from 1999 to 2005 in the Czech Republic, Ireland, Luxembourg, Slovenia, Spain, Portugal, Romania and to a lesser extent in Italy, the Baltic countries, Hungary, Austria, Poland and Bulgaria.

Graph 4 Percentage of employees (all enterprises) participating in CVT courses

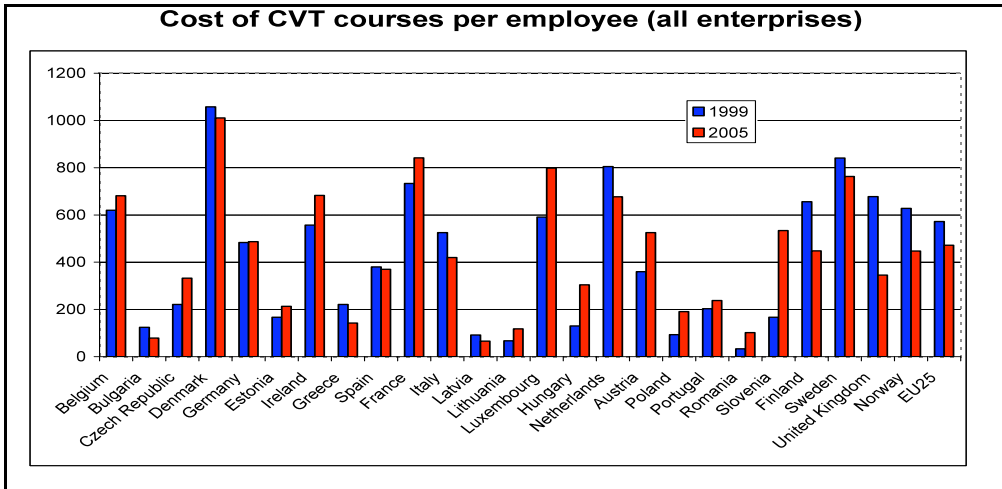


Source: Eurostat, cvts1, cvts3

In fact **Graph 4** also suggests a decrease in CVT participation of around 17% for the EU25 countries. According to **Graph 5**, growth in 1999 was at 3% level but it had slowed down to 2% in 2005. However, the state of the economic cycle in 2005 compared to that of 1999 does

not seem to fully explain the decrease in training participation. As the cost of CVT courses per employee in the EU 25 decreased by some 20%, (**Graph 6**) – there seems to be a confirmation of a decline in training intensity and in the cost of CVT courses.

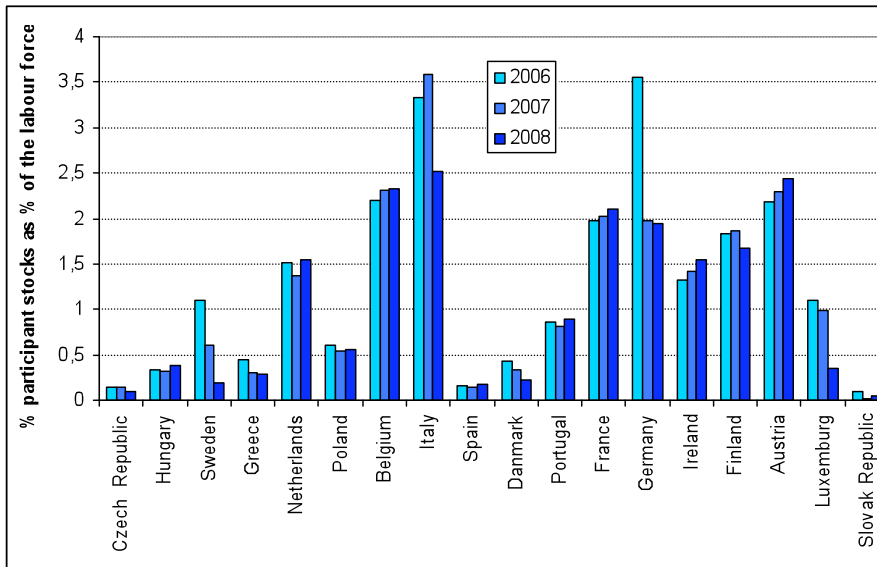
Graph 6 Cost of cvt courses per employee



Source: cvts1, cvts3

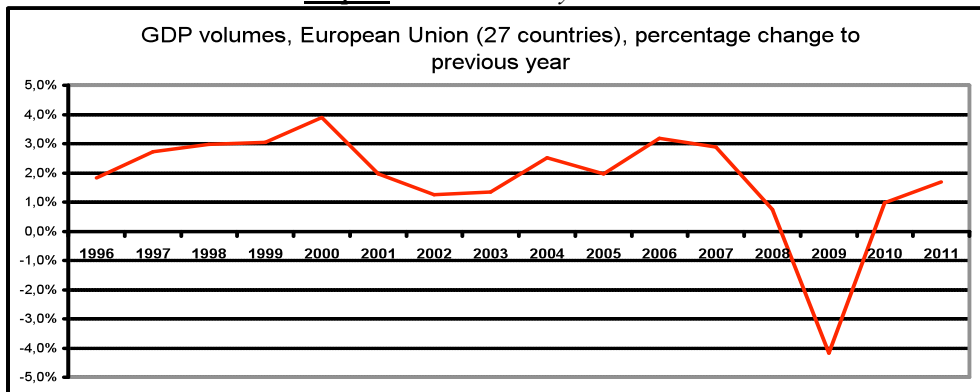
Beyond 2005, **Graph 4a** from the latest OECD Employment Outlook 2010 has an indicative but limited value for revealing training trends and provides some data on the participant stocks in labour market training programmes. However, they are neither comparable with CVTS data nor they provide evidence regarding the trends in participation of training activities. They could be used to indicate that there is a follow up to the downward trends in CVT participation in Denmark, Sweden, and to a lesser degree in Finland. There are some very slight increases in France, Ireland and Austria.

Graph 4a Participant stocks in labour market training programmes in selected countries



Source: OECD Employment Outlook 2010

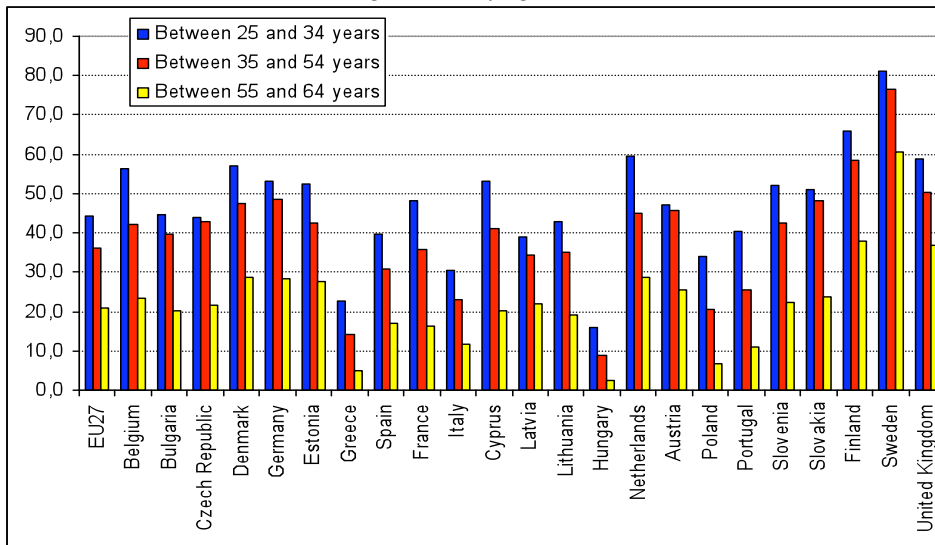
Graph 5 EU economic cycle



Source: Eurostat

It is generally acknowledged that participation in continuing training is still unbalanced and groups like older employees and those with lower qualifications are under-represented in training participation. The following **Graphs 6a, 6b** and **6c** from the Adult Education Survey offer a picture of percentages of employees participating in training by age groups, by sex, and by level of education and they confirm that disadvantaged groups do not often enjoy the benefit of upgrading their skills through training

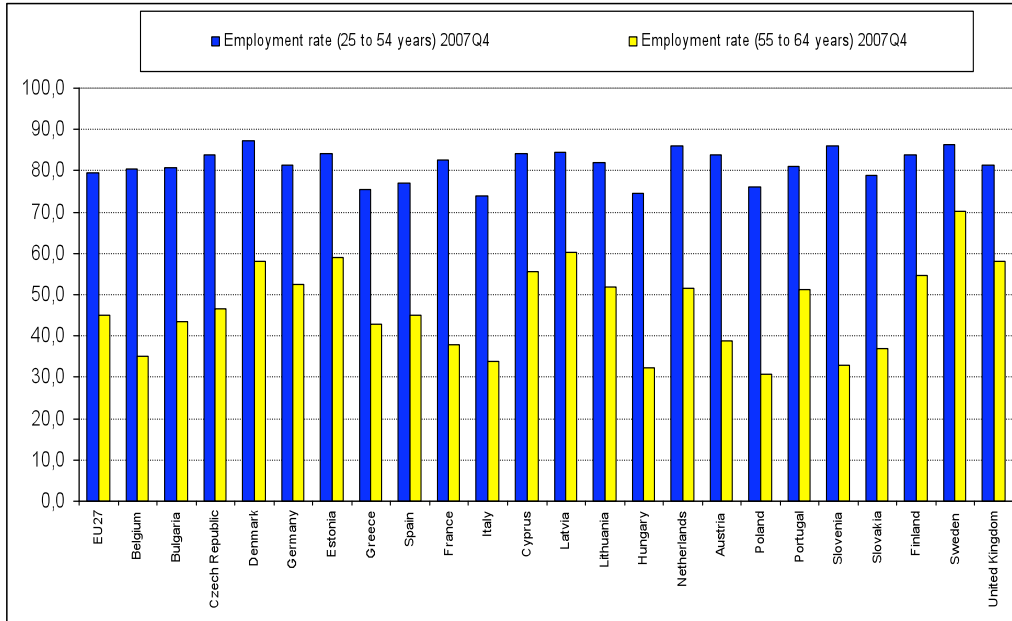
Graph 6a: Percentage of employees (all enterprises) participating in CVT courses in formal and non formal education and training in 2007, by age



Source: AES 2007

The dominance of the most active cohorts of 25 to 54 in formal and non formal education and training is presented in **Graph 6a**. Older employees are clearly underrepresented in training activities and that might be connected with their low employment rates. **Graph 6a1** presents the relevant employment rates at the end of 2007. Although it would have been far fetched to argue about cause and effect, the analogies between the two Graphs are revealing and support the assertion that the low employment rate of older workers is correlated with their low participation in training activities.

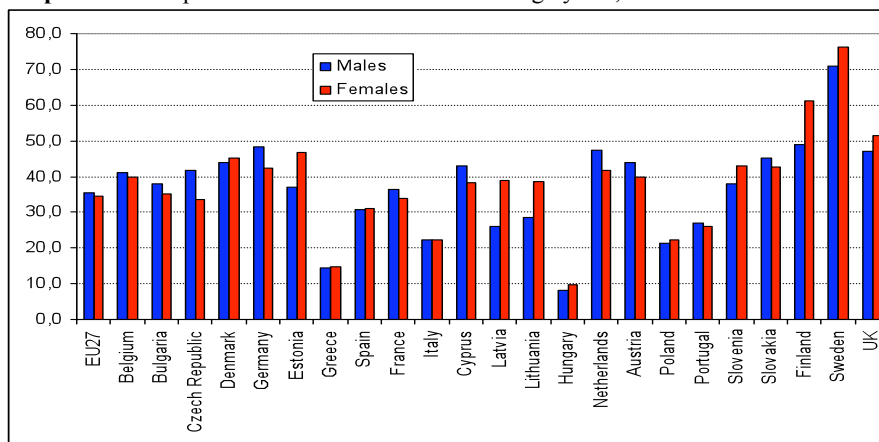
Graph6a1. Employment rates by age groups 25 to 54 and 55 to 64 in 2007



Source: LFS quarterly data

Next **Graph 6b** presents the participation of women and men in training courses and confirms the willingness of women to get all the benefits of training. It indicates that the main reasons for the lower employment rates of women in some MS and the EU should be looked more in equal opportunities and other conditions that inhibit their full integration into the labour market and less in their participation in professional training.

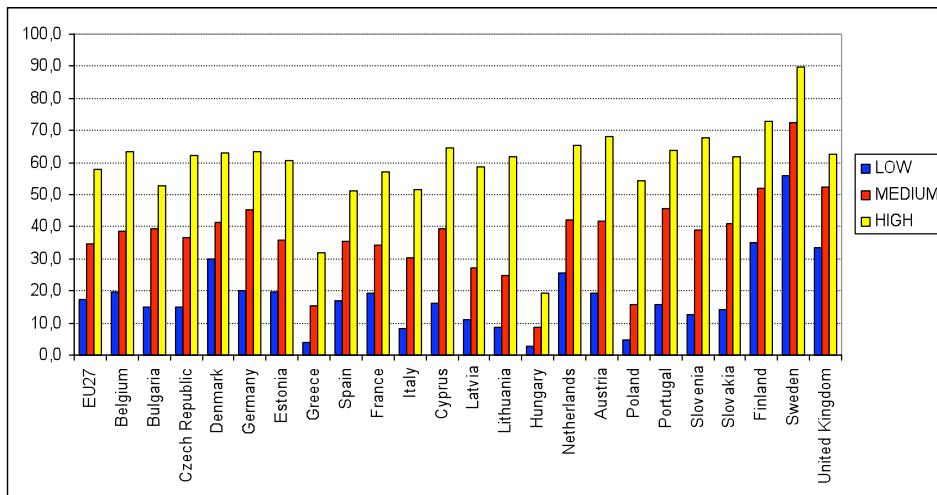
Graph 6b: Participation rate in education and training by sex, 2007



Source: AES 2007

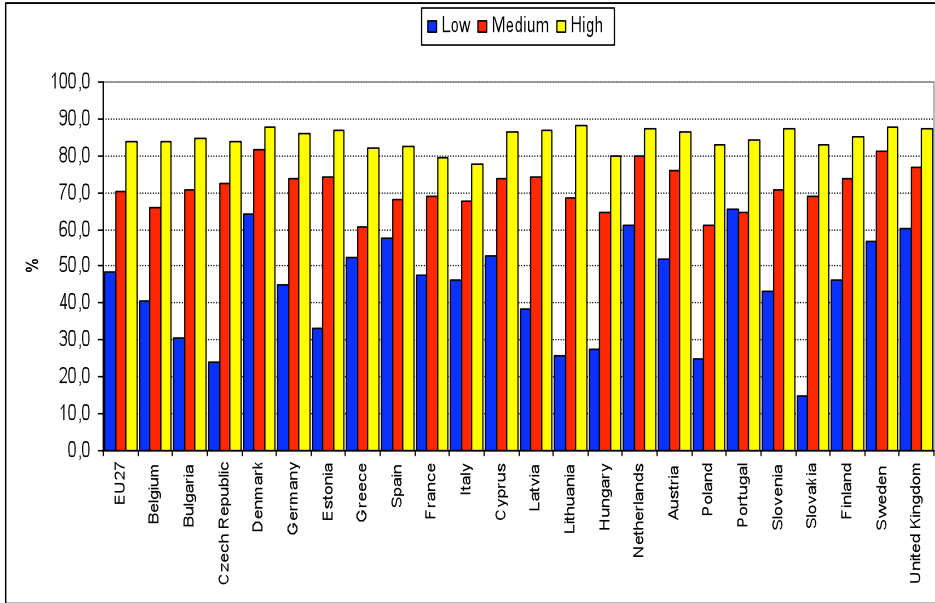
The major problem exposed by the data concerns the very low participation of the less skilled in education and training activities. **Graph 6c** presents participation in education and training of the low, medium, and high skilled and demonstrates a critical training gap for the low skilled which constitute an important section of the labour force. On the other hand, training deficits go hand in hand with low employment as **Graph 6c1** reveals that employment propensity increases as skills' level increases. The situation is of particular concern in Greece, Hungary, Poland, and to a lesser extent in Italy, Portugal, the Czech Republic, Slovakia, Slovenia, and Bulgaria. The low skilled have in most of the remaining countries very low rate of participation in education and training and an employment rate that is a matter for concern. In the EU27 the overall rate of participation in education and training for the low skilled is 17.5%, for the medium skilled 34.7% and for the high skilled 57.9%. The relevant employment rates are 48.6% for the low skilled, 70.2% for the medium skilled and 83.8% for the high skilled. Having in mind the EU2020 target of 75% employment rate it is clear that the focus of efforts in vocational training should be mainly to the low skilled and to a lesser extent to the medium skilled. Only Portugal (65.7%), Denmark (64.2%), the UK (60.1%), Spain (57.5%) and Sweden (56.8%) have employment rates for the low skilled that are relatively closer to this target. However, the quick transformations in the economy ask for major efforts of skills upgrading. Even in these countries, low skilled that do not upgrade their qualifications might experience problems in their participation in the labour market.

Graph 6c: Participation rate in education and training by highest level of education attained



Source: AES 2007

Graph 6c1 Employment rates by highest level of education attained, 2007

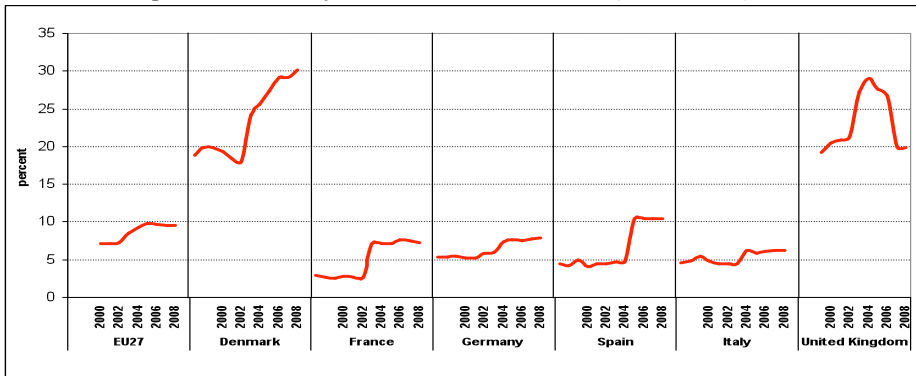


Source: LFS

Training vs. general Educational activities

In **Graph 7** we observe steadily increasing percentage of prime working age population participating in education and training over the last 12 years in almost all EU countries. Comparing this with the already noticed decline in training intensity, we have on the one hand **improving participation in education and training across the EU and on the other hand deteriorating intensity of professional training**. This observation confirms the prudence and the urgency of the EU 2020 strategy which places at its core the New Skills for New Jobs initiative.

Graph 7 Percentage of the population aged 25-64 participating in education and training over the four weeks prior to the survey in selected Member States (1997 – 2008)



Further considerations in relation to the findings in the data

What are the reasons behind the noticeable reduction from 1999 to 2005 in costs of training as a percentage of labour costs? Are there more efficiency gains in newly adopted training methods? Cost efficiencies gained from e-learning courses is one plausible cause of the cost reduction noticed. Nowadays, e-learning packages include most of the general skills - not only software skills - and they also offer certification possibilities²⁴. E-learning, however, is not a panacea and quantitative evidence for this assertion is difficult to find in recent statistics. However, the recent advances in e-learning technologies are impressive. They are becoming more and more user-friendly and most of the main problems of distance learning in the last decades are now solved by technology²⁵. New interactive training materials take advantage of the increasing widespread of broadband internet. The increasing use of English in business reduces further development costs and boost numbers of potential trainees. The resulting economies of scale allow the production of training materials for complex subjects that can be offered at affordable prices.²⁶ The use of e-learning in training has wider implications and problems that will be raised at the end of this article.

CVTS data collection is limited to 1999 and 2005 and it would be difficult to extrapolate appropriately to more recent years. **Graph 4a** with participant stocks in labour market training programmes is not a reliable indication of trends in training participation. In the absence of statistical evidence from 2006 onwards, it could be argued that in times of crisis entrepreneurs tend to reduce training budgets and are reluctant to train new staff, particularly those hired with short-term work contracts. That contributes to workers being less productive and more vulnerable to economic shocks. In response the state attempts to ease the effect of unexpected shocks in the economy and increases contribution to training budgets. It makes economic sense to expand training opportunities in the context of rising numbers of job losers and longer unemployment durations. It is already well known that training facilitates transitions from temporary work arrangements into stable employment. Unfortunately, training is distributed very unequally over the adult workforce in all countries. Adults with low education attainment are at disadvantage and some argue that they are seven times less likely to be engaged in continuing education and training than those with high attainment levels.²⁷ This is often referred as the Mathew effect. Are there remedies for these failures of the training market?

²⁴ For further info on this please see: Final Report, Study of the e-learning suppliers' "market" in Europe, Directorate General for Education and Culture, 2005, Although it is already outdated, it is very informative on e-learning and probably still the most comprehensive on this subject.

²⁵ See Table 9.8 in http://ec.europa.eu/education/archive/elearning/doc/studies/vocational_educ_en.pdf

²⁶ Figures for this sector at world level are difficult to establish with precision: Some estimate that at world level in 2009 some estimate the size of the training industry at \$90 billion, with \$20 billion spent on e-learning. In the UK it is projected that growth in e-learning will be 8 to 15% per annum Thomas N. Garavan, Ronan Carbery, Grace O'Malley and David O'Donnell. Understanding participation in e-learning in organizations: a large scale empirical study of employees, International Journal of Training and Development 14:3, pp. 156-168, ISSN 1360-3736, 2010 Blackwell Publishing Ltd.

²⁷ http://ec.europa.eu/education/lifelong-learning-policy/doc/com865_en.pdf

Jointly financed training policies for companies should be targeted to individual demand and should be accompanied by intervention to reduce imperfections of the training market. A wider use of digital technologies for training would by-pass red tape and would offer potential for savings particularly for SMEs and the self-employed. Employers seem to be improving in the use of on-the-job training, especially of young workers. They seem to understand that this will benefit both employers and employees by fostering innovation and increasing productivity. A number of studies have shown that firms which adopt new forms of work organisation, encouraging in particular innovation, autonomy, learning and quality, often tend to provide higher training to their employees²⁸.

Vocational training could boost employment creation and stabilisation, if available resources are managed effectively. Job seekers or employees with updated professional skills are always in short supply. All literature findings support the Guidelines suggestions for larger and joint financial contributions from governments, individuals and employers in training activities and all stakeholders agree on the shared benefits of training. It is, however, these shared benefits that often make joint financial contributions more complex and difficult to manage because actors find themselves in a prisoner's dilemma: Each one has incentive to free-ride on the contributions of others whereas maximum shared benefit will be highest only if all stakeholders take their part. For instance, if employers seek government support for training measures, it should be conditioned to an own contribution to prevent a situation where the individual company would reap the fruits of well-trained workforce whereas the cost would be socialised. For such reasons, analysis of the cost structures and the recently found incentives for training would help.

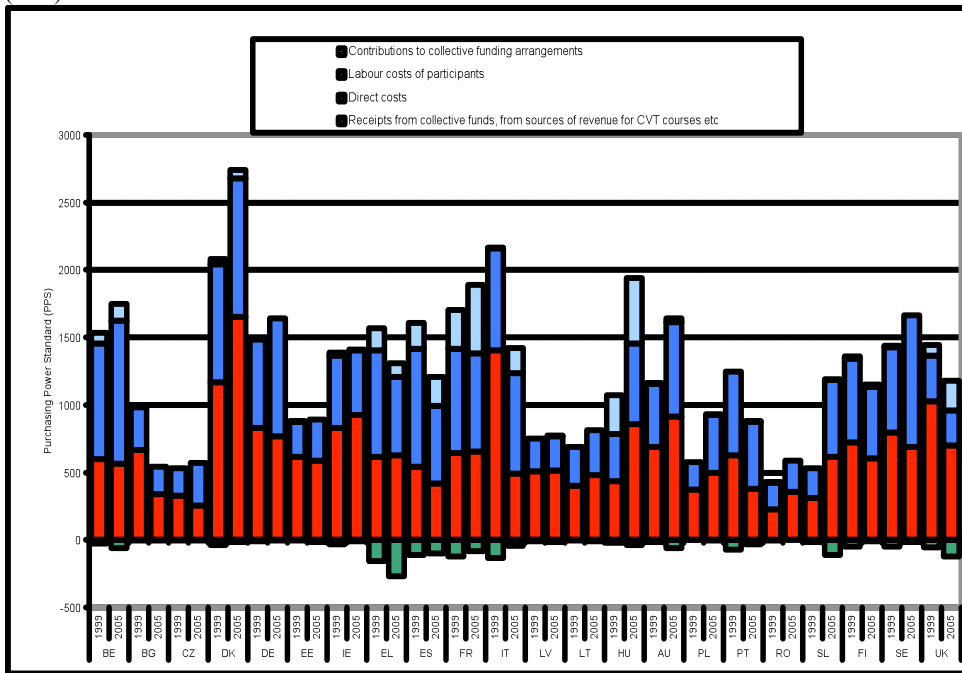
Analysis of cost structures in professional training

In most countries, government provides financial support to certain groups of trainees. It may also provide fiscal incentives to enterprises and individuals to upgrade skills as part of a life-long learning arrangement. Persons undertaking training are usually employees, trainees with an allowance or students. Making comparison in participation rates and funding methods among member states is difficult. In addition, national VET systems are evolving institutions that respond to the requirements of actual labour market conditions. A comprehensive comparison of the repartition of training expenses among the stakeholders of training is not directly available in the CVT surveys. Aggregate data is also missing for some countries and years. However, existing CVT surveys provide very valuable information which can, indirectly, contribute in answering the main questions of this paper.

The New Skills for New Jobs flagship initiative is based on the assumption that effective training mechanisms can provide people with the newly required skills. However, cost structures and existing delivery mechanisms in education and particularly in professional training are often characterised by lack of transparency and efficiency. As mentioned, the lack of data on cost sharing among stakeholders at comparative EU level could be partially compensated by CVTS that offers some insights on the partition of training expenditures and the next part of the paper will explore the relevant data.

²⁸ European Commission, Employment in Europe, 2007, page 203

Graph 8 Structure of costs of CVT courses per participant (PPS)



Source: Eurostat, cvts1, cvts3

Graph 8 presents the cost structure of CVT courses per participant. Data on expenditure in this and the following Graphs is provided, for reasons of comparability, in Purchasing Power Standard (PPS) in order to take into account different price levels in the countries considered and, as a result, purchasing power differences of a given currency unit in those countries.²⁹ The cost structure includes direct costs (Fees, travel and subsistence allowances, cost of premises and labour costs of internal trainers), Labour costs of participants (the cost of their absence from the job during training), contributions made to collective funding arrangements. On the other hand, receipts from funds like the ESF are also taken into account.

The same **Graph 8** provides an interesting picture of the repatriation of training costs with data from the CVT surveys. We look first at the **labour costs of participants** (dark blue bars). The labour costs of participants (the opportunity cost of training) reflect largely the wage structures in each country. They are the indirect costs for training and they range from 1027 PPS in Denmark to 204 PPS in Poland with an average of 530 PPS for 1999 and 2005. Labour costs of participants increased by some 10% from 1999 to 2005 which reflects salary adjustments of individuals in that period.

The Graph also indicates the costs of **Contribution to collective funding arrangements** (light blue bars) for training, which seem to play a role only in a number of countries with France Hungary being the most significant examples: A quarter of French and Hungarian

²⁹ PPS value, however, is very close to that of Euro and could be considered equivalent for the purposes of this paper.

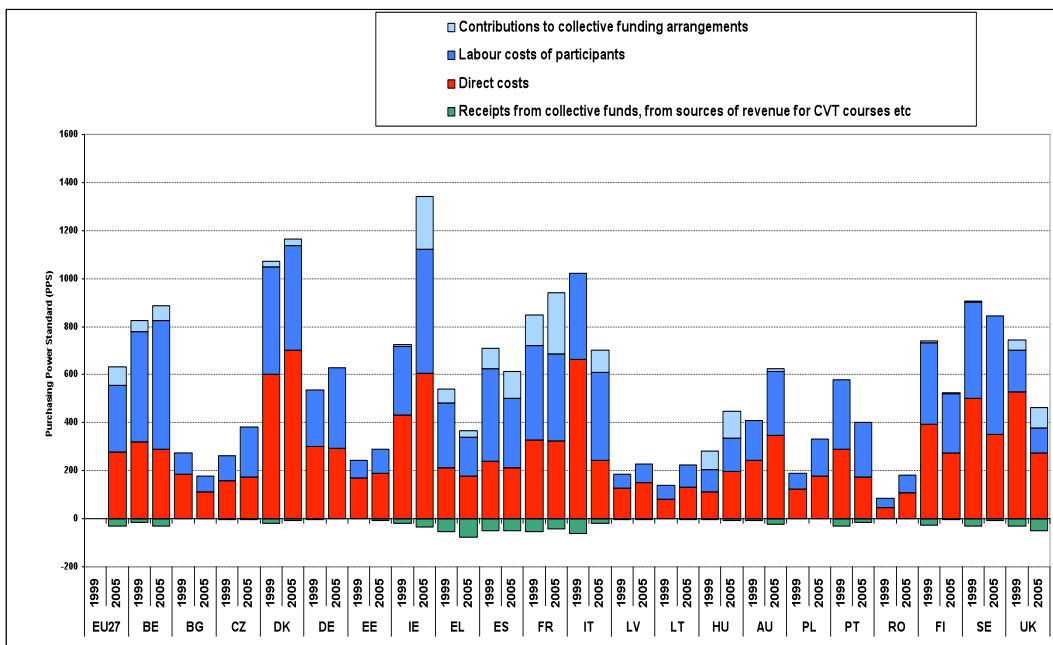
CVT cost concern collectively funded schemes whereas in Germany such schemes do not seem to play a significant role in financing CVT.

Receipts from collective funds (green bars) and other sources of revenue for CVT courses that include all receipts or subsidies from government, the EU etc. is an important element but it is relatively small and insignificant for most of the countries ranging from 268 PPS (for Greece) to 0 for most of the counties with an average value 45 PPS.

The element that needs further analysis is the **direct costs of training (red bars)**. This is the hard cash spent for the training. The extent of the change of direct cost in the six-year span considered appears moderate in the light of nominal wage increases over the same period – which could hint to both declining training costs and lower training intensity. The average direct cost per **participant** is estimated at **640 PPS** for 2005. Direct costs is what mainly concerns employers and public support to training because it directly affects their cash flow operations,

Turning to **Graph 8a** the same costs are presented per employee and thus present a measure for the spread of training costs to all employees. Trends in costs are similar with that derived from **Graph 8**. Labour cost of participation per employee increased by some 20% over the reference period and direct costs decreased by some 6% which confirms the downward trend in cost of training and training intensity³⁰.

Graph 8a Structure of costs of CVT courses per employee (PPS)



Source: Eurostat, cvts1, cvts3

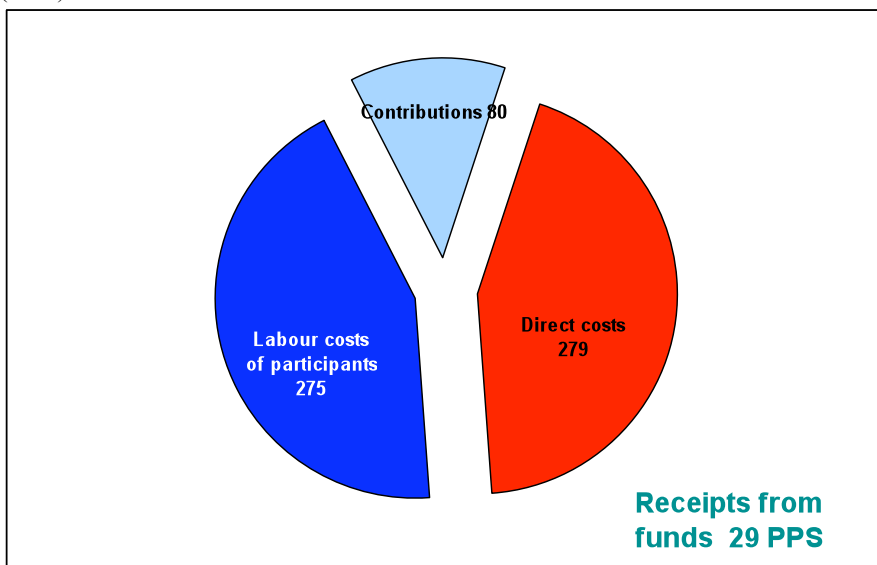
³⁰ There are inconsistencies in the data. For instance : Cost per participant stay the same whereas cost per employee double. The only logical explanation would be a surge in participation- but did not happen, see Graph 4. Despite these inconsistencies the data are very helpful in building the argument for this paper.

Graph 8a that originates also from the CVT surveys and provides collective **repartition** of CVT costs per employee, offers the only data available for the EU 27. **Graph 8a** presents in a pie format the actual repartition among direct costs, labour costs of participants, contributions and receipts for training in EU 27. It becomes evident that direct costs are not just the most critical element, but the largest one as well. Some 44% of the total cost—or 279 PPS in cash – **per employee** per year are spent on training.

It is useful at this stage to mention what constitutes direct cost according to the CVTS. It includes payments made to external organisations for fees, travel and subsistence payments, cost of internal trainers, and cost for training premises. Therefore the key figures that need to be retained at this stage are the following: the average direct cost per **participant** at the level **640 PPS** for 2005. Average direct cost per **employee** is measured by CVTS3 at the level of **279 PPS** for 2005 or some **44%** of total cost of training.

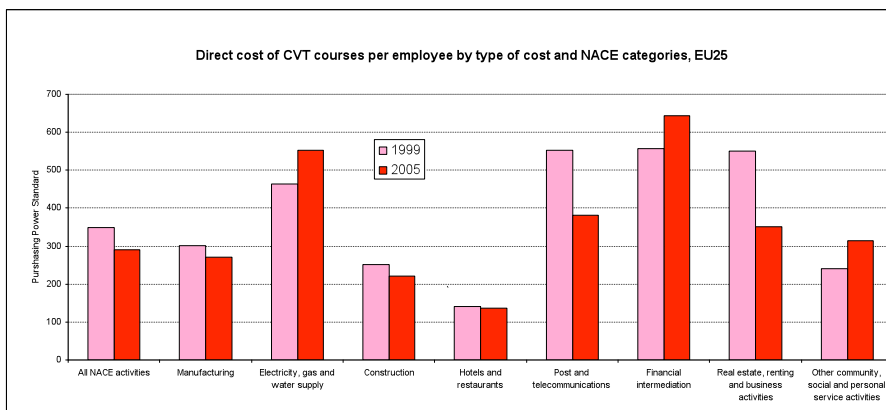
Receipts from collective funds are also a very interesting item – despite the fact that it does not concern all states – because it includes ESF spending on training. It has an average of **29 PPS for 2005** and all receipts from collective funds are at the range of 3% to 4% of total training expenditures.

Graph 8a Absolute average values in PPS for cost sharing of training per **employee** EU 27 (2005)



Source: cvts 3

Graph 8b Direct costs per employee in selected NACE sectors in PPS



: CVTS1, CVTS2

Source

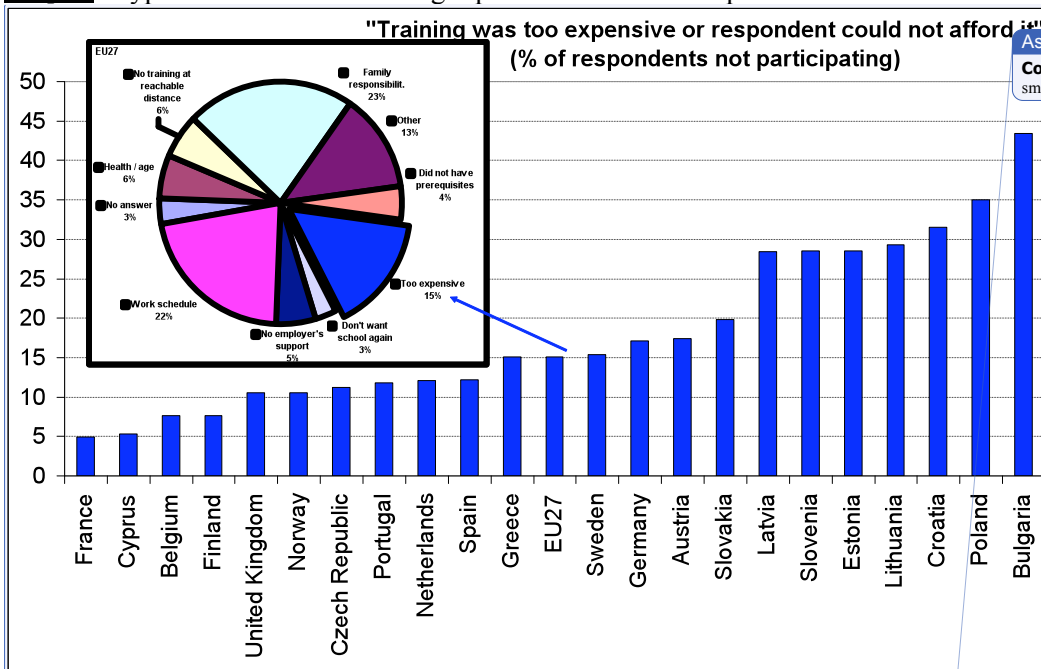
Following the average figures mentioned, it would be interesting to look for the direct cost of CVT courses **per employee** in some sectors of the economy. **Graph 8b** shows that in training intensive sectors such as the financial intermediation (558 PPS in 1999, 643 PPS in 2005) and electricity, gas and water supply (463 PPS in 1999, 553 PPS in 2005) there is an increase in direct costs, where less training intensive sectors such as construction (252 PPS in 1999, 221 PPS in 2005) and Horeca (140 PPS in 1999, 136 PPS in 2005) face a slight drop in direct training costs. However, overall, the direct cost of training per employee in all NACE activities dropped from 348 PPS in 1999 to 291 PPS in 2005 (a drop of some 20%).

From the discussion up to this point, it seems that the variety of training needs and the trends in the costs ask for more efficient and transparent methods of financing training that could be applied to most of the sectors of the economy. Before we look also at the sources of funding for training, it would have been essential to see what another survey –the Adult Education Survey (AES) - says on the importance of cost as an impediment to training.

Is the cost of training a major obstacle for employees to pursue training activities?

According to **Graph 9** from the Adult Education Survey the cost of training is not the main reason for skipping training. It is, no doubt, a major obstacle to participation in training, after family responsibilities and work schedule, as can be seen on the pie chart in Graph 9. AES asked interviewees to report the main obstacle for not participating in education and training in the last 12 months, providing a wide range of possible but distinct choices

Graph 9 Type of obstacles to training reported as the most important



Aspasia Bisopoulou 28/8/11 11:53
Commentaire: The small graph inside is too small, we can't read the writing.

Source: Eurostat, AES 2007.

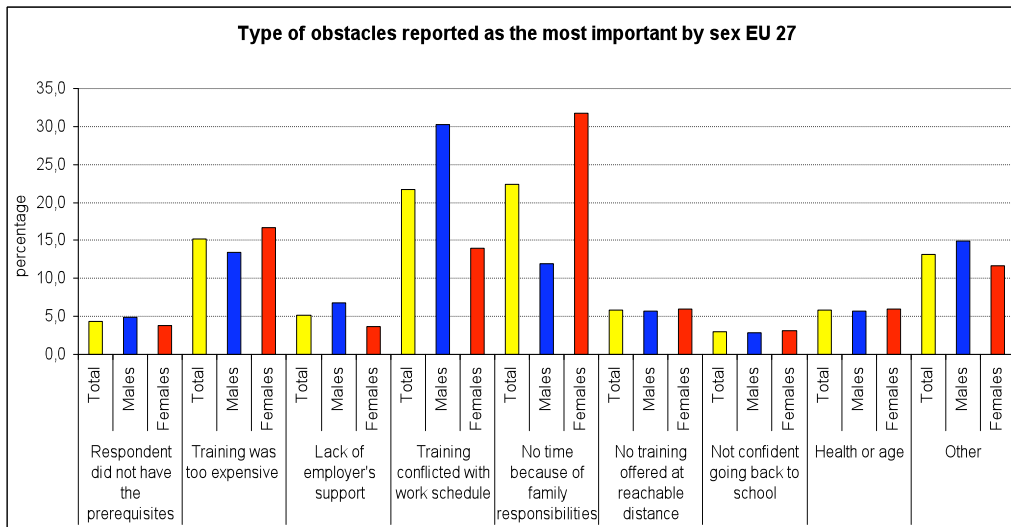
Some key points from **Graph 9** are the following:

Family responsibilities (23% of individuals) and conflict with work schedule (22%) are primarily reported by adult Europeans as the main obstacles for not participating in education and training.

At European level, cost as the main obstacle to participation (“training too expensive or difficult to afford”) is the third most frequent answer, reported by 15% of adults in Europe. But its importance varies across countries ranging from 43% (Bulgaria) to 5% (France). Indeed in FR, CY, BE, and FI costs considerations for training concern less than 10% of respondents. As we can see in **Graph 10** and **11** these countries either dispose high part of GDP in training activities and/or they benefit from substantial ESF support.

With the exception of the Czech Republic, cost-related obstacles tend to be more important in the NMS, particularly in Bulgaria, Poland, the Baltic States and Slovenia.

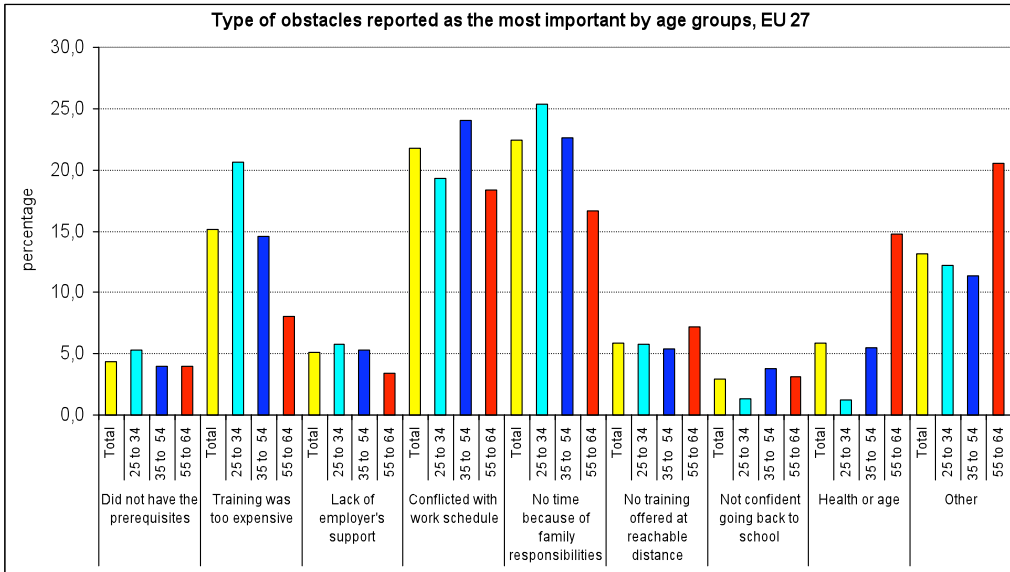
Graph 9a Obstacles to training reported by sex



Source: AES 2007

As **Graph 9a** shows both women and men have little difference in their attitudes to the cost of training. Where women reported it as a major obstacle at 17 % men reported it at 13%. Men were often unable to participate because training conflicted with work schedule at 30% where women at 14%. However, in what regards family responsibilities, the responses reverse with men having them as an obstacle at 12% and women at 32%. There are no major sex differences regarding other obstacles to training.

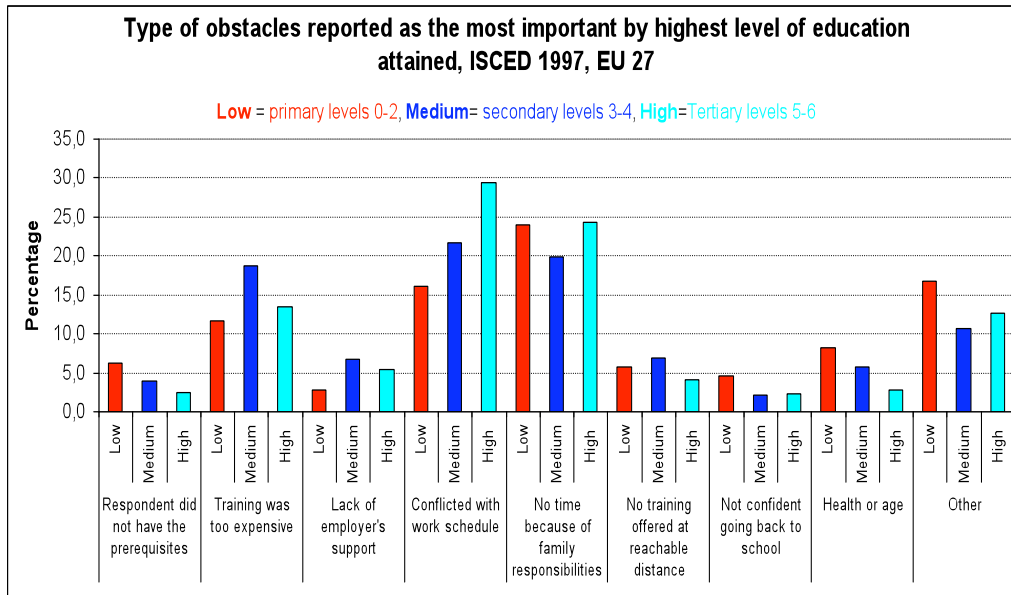
Graph9b Obstacles to training by age groups



Source: AES 2007

Some interesting observations result from **Graph 9b** on the influence of age to the participation in training. No major differences reported among generations in what regards their prerequisites for training, their willingness to go back to school, the lack of employers' support and the distance at which training was offered. As concerns the family affairs or the employers' support, the age dimension does not explain much of a difference. However, older workers reported health or other age related problems as a considerable impediment to their training.

Graph 9c Obstacles to training by educational attainment



Source: AES 2007

If one looks at the skills levels as potential explanation for differences in the perception of obstacles to training, the pattern revealed is not a uniform one either, see **Graph 9c**. Though we know the training propensity of the low skilled to be below average (see **Graph 6c**) they actually do not perceive substantially higher obstacles across the scale. Despite a certain general willingness to participate in such courses among those most urgently in need of skills update they seem to be most hesitant. Possible explanations might be lower intrinsic motivation (unfounded general de-motivation) of the low skilled or training methods which they consider would not fit to their very specific needs.

All **Graph 9, 9a, 9b,** and **9c** suggest that new methods of training, in addition to being more affordable, should allow for flexible timetables, given that the participants' work schedule is usually fixed. Furthermore, there should also be flexibility with respect to family life responsibilities and other aspects of each individual's life. One solution might be **e-learning, which could accommodate and overcome some of these obstacles by providing very flexible training schedules.** It seems that the digital era emerging in training has all the potential to solve these problems and to offer training consistent with the tastes and the pace of each trainee. That aspect will be examined later in the paper.

Another obstacle to the development of appropriate and transferable training across Europe is the difficulty in the recognition of VET studies. There is now a concentrated effort at EU level and the European Credit System for VET (ECVET) was established in order to facilitate the management of various forms of life long learning – formal, non-formal or informal. In practice it is a technical framework for the recognition and, where appropriate, accumulation of individuals' learning outcomes with a view to achieving a qualification. ECVET tools and methodology comprise the description of qualifications in terms of units of learning outcomes with associated points, a transfer and accumulation process and complementary documents

such as learning agreements, transcripts of records and ECVET users' guides.³¹ E-learning can easily accommodate the use of learning outcomes at the basic level of most domains of knowledge. It can certify what the learner knows, understands and what is able to do after completion of an e-learning session. However, without the active engagement of an instructor the skills gained are not concrete, they are not stored permanently in the long term memory and quickly evaporate. It seems that blended form of e-learning is indispensable. E-learning methods and particularly blended learning seems particularly appropriate to be developed in parallel with the formulation of a European Credit System so that at a certain stage they will provide a common platform for both learning and credit acquisition and transfer.

The close cooperation of Member States and the social partners either in the EU committees or in the Social Dialogue were instrumental in the improvement of vocational training for adults, the transparency of accreditation and in the advancement towards a wider recognition of VET qualifications. It needs, however, to be reinforced in what concerns the training needs of the low skilled and other disadvantaged groups of the society. The effectiveness of closer cooperation of all stakeholders, particularly in MS with a stronger tradition of Social Dialogue, was evident in many of the National Reform Programmes.

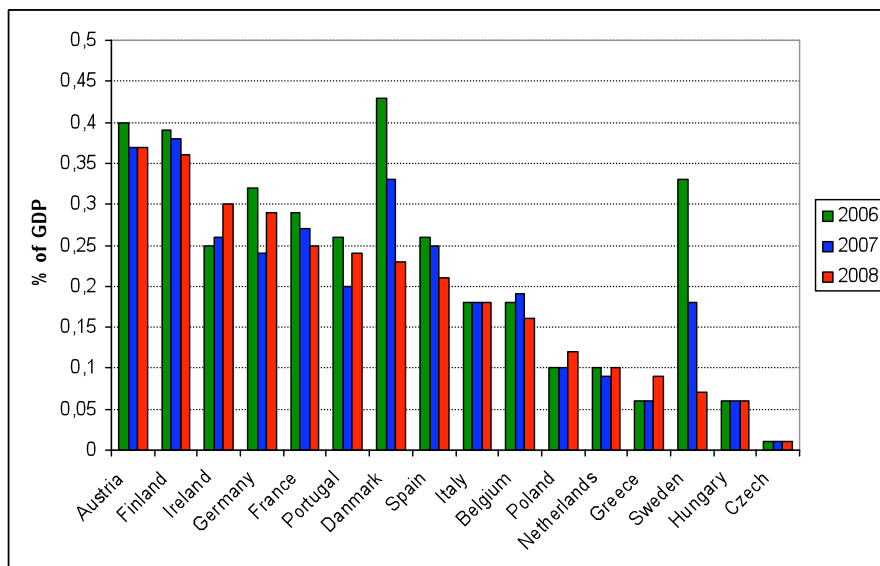
At this stage of the analysis, having seen developments in cost structures, it would have been useful to look at the resources for training activities and at organisations undertaking training.

Public expenditure for training

Training activities in all Member States spent non negligible proportions of national GDP as part of labour market interventions. **Graph 10** provides a picture of training expenditure in selected EU countries. The percentages for training in this Graph include institutional, workplace and alternative training as well as support for apprenticeship. The data confirms the downward trend in training intensity. However, there are visible longitudinal and cross section differences among countries in state financed training expenditure. Such differences have important implications for the structure and the management of vocational training in each MS. The Graph presents expenditure in descending order with reference to year 2008. It reveals budget reductions in Denmark and Sweden and very minor ones in Finland and Spain. There are downward fluctuations or stability in the rest of the countries with the exception of Ireland and, to a lesser extent, of Poland and Greece.

Graph 10 Public expenditure for training as a percentage of GDP in selected countries

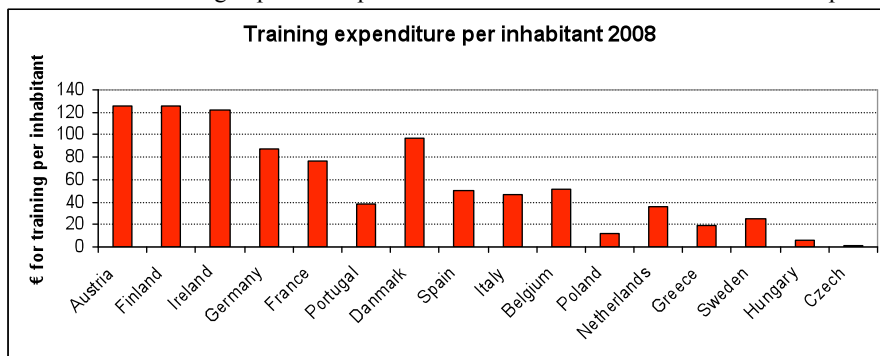
³¹ Official Journal of the European Union C 155/11, 8.7.2009



Source: data compiled from the OECD Employment Outlook 2009, Table J, page 276

A more accessible picture emerges if we translate the percentages in **Graph 10** to expenditure per inhabitant. Aiming at comparability of costs, **Graph 10a** provides actual GDP spending for training per inhabitant for the same countries of **Graph 10** and for the year 2008. It was calculated using GDP data per inhabitant for 2008 from Eurostat and the GDP percentages in **Graph 10**.

GRAPH 10a Training expenditure per inhabitant in 2008 in same countries as Graph 10



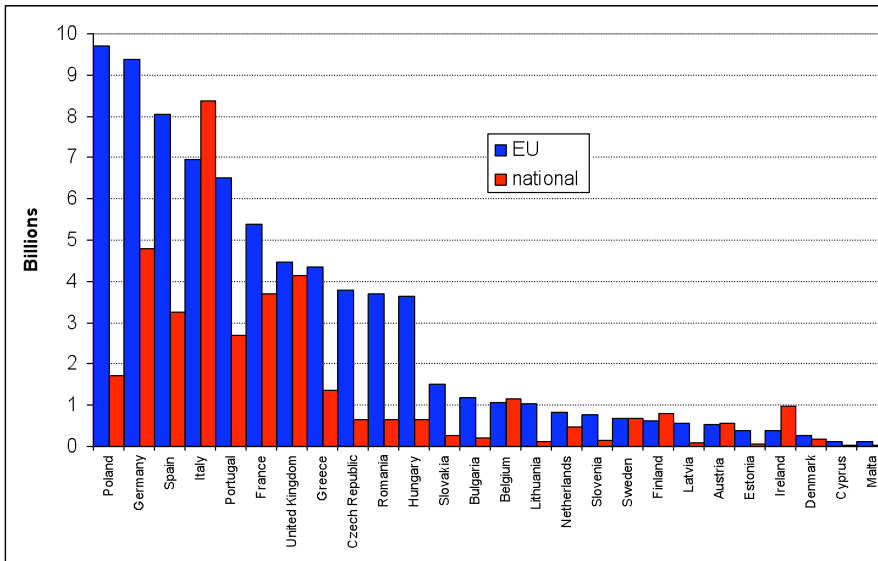
Source: Eurostat GDP at current prices and data compiled from the OECD Employment Outlook 2009, Table J, page 276

Apart from national training budgets an important co-financing provider for training is the European Social Fund. Its intervention is critical with considerable multiplier effects particularly for countries with increased economic and social problems. The following **Graph 11** underlines the importance ESF attaches to VET.

To achieve a comparative calculation **Graph 11a** offers an indication of disposable funds that are mainly assigned to training activities in the labour market. It derives from **Graph 11** by dividing its figures by the 7 years of the reference period of ESF spending and by total

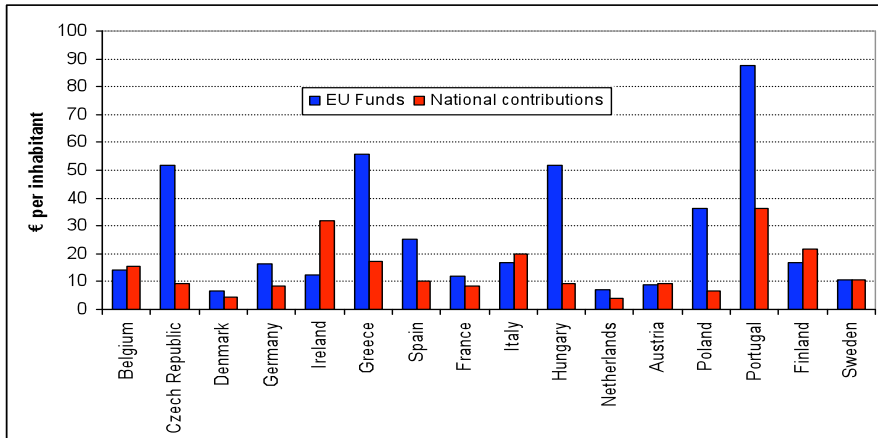
population. If we take into account that ESF is used, to a large extent, for training activities, **Graph 11a** provides a useful indicative picture for the purposes of our analysis.

Graph 11 ESF spending per country 2007-2013 (€ billions)



Source: ESF spending per country, http://ec.europa.eu/employment_social/esf/discover/spending_en.htm

GRAPH 11a Distribution of ESF budget per inhabitant per year (Total ESF and national expenditure for 2007 to 2013 divided by 7 years)

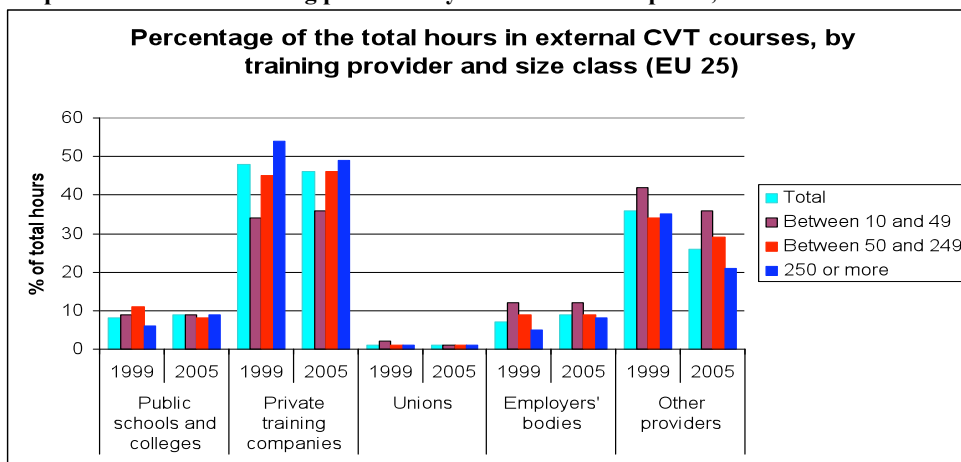


Source: ESF spending per country, http://ec.europa.eu/employment_social/esf/discover/spending_en.htm. Data taken from Graph 11 and divided by the 7 years of ESF.

The comparison of **Graphs 10a** and **11a** provides indicative figures and should not be taken literally to represent actual expenditures. In the light of the different data sources of which they are composed they should be interpreted with particular caution. However, it helps to confirm and understand better the repartition of training costs presented in **Graphs 8, 8a, and 8b**. Although a considerable amount of ESF is spent on training, there is variation across countries as pictured in **Graph 8**. The **blue part** in **Graph 11a** represents ESF actual spending and the **red** national co-financing of the same activities. In **Graph 10a** the numbers refer only to total national spending for training. The comparison of the two Graphs 10a and 11a confirms ESF as an important actor in Governments spending on training. It is the main instrument for training and larger than national budgets for several countries (CZ, GR, HU, PO, PT).

Looking at these considerable resources for training it next step is to ask who is spending them and to find out about the training providers and its share of the VET market.

Graph 12 Vocational training providers by size class of enterprises, EU25



Source: Eurostat, CVTS1,CVTS3 Other providers in Graph 12 include: Universities and other higher education establishments, Public training institutions (financed or guided by the government; e.g. adult education centres) Specialized training institutions, Equipment suppliers, Parent/associate companies, Private training companies whose main activity is not training

As Graph 12 suggests the private sector is the key player in training activities and any reforms cannot ignore its pre-eminence over time with a share close to 50%. The remaining providers are numerous with smaller pieces of the training pie. They include: Public School and colleges, Unions, Employers' bodies, higher education establishments, Public training institutions Equipment suppliers, Parent/associate companies, etc. The presence of many private or semi-private bodies as training providers is a challenge that needs to be taken in the creation of a more open and a more competitive market for training. The removal of opaque structures and practices, and the organisation of more systematic evaluations of training activities are the minimum prerequisites.

Qualitative overview and classification of VET schemes

After the analysis of the repartition of costs and of the considerable resources available for training it would be useful to examine qualitatively – since there are no comparable data or evaluations at EU level – the philosophy of cost sharing on the basis of the existing literature. The 2005 Thematic Review on Learning was very useful in pointing out the main characteristics of cost sharing schemes and this paper draws from this review.

As a starting point, it is useful to see a classification of Initial Vocational & Education Training (IVET), the core element of the VET. The five IVET systems are: the apprenticeship-based system which is common in Denmark, Germany, Luxembourg and Austria; the continental school-based system in Belgium, France and the Netherlands; the market-led system in the UK and, to some extent, in Ireland; the system of general education characteristic of south European countries (Greece, Spain, Italy and Portugal); and the egalitarian school based system of Finland and Sweden. This is a rather rough classification and it should be acknowledged that IVET systems differ across countries and even across industries within countries.³² In this context, individuals, firms and society share the benefits of training and all parties need to be involved in footing the bill, especially for employment-related training. To achieve this, co-financing activities need transparent management structures that reveal immediately the benefits of training. Unfortunately, in most member states, vocational training activities are characterised by institutional complexities and often opaque administrative structures that do not improve the image and the efficiency of this, critical for the economy, educational activity.

These complexities apart, countries differ in the selection of policies to stimulate training. Some countries focus their attention on initial apprenticeship systems, while others on continuing training of those employed. The effectiveness of each training measure is difficult to assess, and evaluation studies reveal a mixed picture. The financial burden is not shared in a uniform manner across different objectives, different governments, enterprises and individuals.

There are also differences in relation to the subjects of training. For instance, a firm may not have sufficient financial incentive to invest in general, as opposed to firm-specific skills of its employees. Although more research is needed in this area, public support has been found to be more efficient when it is matched with a contribution from the recipient individual or firm. For instance the system of individual learning accounts used in the UK offered sound evidence that good cooperation among employers, employees and the state achieves wider objectives in training. It was also found that higher private spending was an important factor in increasing VET participation³³. However, there is no single method of cost allocation and cost sharing for training that can be considered as panacea. Each MS tries to satisfy national or local market conditions using traditional or innovative methods and successful examples with wider implications can be, to some extent, transferable to other MS.

³² Vocational education and training is good for you, The social benefits of VET for individuals, Cedefop, 2011

³³ See cedefop Sharing the costs of vocational education and training. An analysis of schemes in the newer EU Member States

Cedefop Panorama séries; 182 Luxembourg: Publications Office of the European Union, 2009

Austria and Germany focus on initial education and apprenticeship systems and endeavour to enhance the interconnection between existing vocational education and the working environment. In Austria, training network costs are taken by the states and training fees are paid by SMEs. In Sweden, incentives are largely based on preventing unemployment with special attention to the low-qualified unemployed and those employees who are at risk of becoming unemployed. The identified instruments directly target individuals rather than their employers.

Training systems are highly diverse and they are often embedded in broader systems of social relations – such as the Social Dialogue – with which they interact. VET might be provided by the state within the education system or within the enterprise. Generally speaking, Member States, regional and/or local governments often pay for pre-employment training up to, and sometimes including, the level of higher education, as well as for retraining the unemployed. Enterprises usually pay for the specific training they provide to their employees, or they contribute to various training funds. Fees paid by individuals, such as to attend vocational schools or take part in refresher courses, may vary enormously within and among countries.

The types of schemes employed for the allocation of cost for vocational training are numerous but most of them could be summarised on the basis of the main objectives and characteristics. They usually aim to be transparent, simple to administer, effective in achieving the training objectives and in achieving additional benefits to existing methods. The following schemes are among the most widely used in the EU today.

Tax schemes have the advantage of building on existing institutional arrangements with little additional administrative costs. Conditions are usually transparent and straightforward. However, this advantage is linked to high deadweight loss of these fiscal incentives, because targeting and conditions for additionally are limited.

Levies play a central role in training systems in various countries. They involve a reshuffling of money from companies with limited investment in training to companies with extended investment and therefore counterbalances market failures (e.g. limit 'free riders'). The major advantage of levy schemes is their ability to raise and maintain a high degree of employer-based training through self-financing. At the same time this means that levies are not very popular with smaller companies investing little in training, which perceive the levy simply as an extra tax burden.

The Levy/exemption scheme is the backbone of the continuing training system in France. It is a levy that enterprises have to pay if they don't invest in the training of their employees. Levies collected from employers that do not invest enough are used to subsidise other training activities. It has contributed to the stimulation of awareness about the importance of continuing training among companies. Besides it contributed to the emergence of a competitive continuing training industry in the form of a wide array of public, private and non-profit suppliers of training. However, the implementation of this system has also created controversies regarding its efficiency and transparency.

Subsidy schemes are covered by detailed rules and they are concerned with the better targeting of specific groups and rules for additionality. This results in high administrative costs for authorities, suppliers and users and a loss of flexibility to allow accommodation of user needs.

The *post vocational training in Germany* is a subsidy for employees up to the age of 25 who have finished their vocational training with particular success. It offers them scholarships for a period of 3 years. Most participants state that they would not have reached their current job position and income without this instrument. In addition further training is stimulated: participants have taken part in additional training programmes twice as often as other people of comparable age.

The **Individual Learning Account** is a promising instrument that emerged in the late nineties. Learning Account Schemes have managed to reach middle-aged poorly qualified people of both genders, and the individual learning accounts in the UK are effective in terms of a relatively low deadweight. Similar systems exist in other MS.

Vouchers emerge as helpful cash-in instruments for the use of training institutes. Their main positive aspect is the accreditation system that is usually included with this type of measure, thus guaranteeing quality of training. Austria's learning voucher scheme shows that un-bureaucratic access, financial support and a wide range of training provisions are needed to make vouchers efficient tools in combating educational exclusion, inequality and social disadvantage. However, the success of the voucher system might also be partly explained by the high percentage of experienced learners it attracted.

New developments in training

Training institutions use curricula and teaching methods that evolve over time in line with development in the labour market. The traditional teaching in the past was to help employees to understand the hierarchical structures in their organisation and to learn how to follow instructions. The current trend focuses on teaching employees how to be successful in autonomous activities. This constitutes a complete revamp and it seems that Universities, Colleges as well as training institutions worldwide are attempting to get into this market by adjusting their curricula accordingly. An example of this new trend was presented in a special edition of the Newsweek magazine devoted to new developments in education. It analyses the rapid increase in numbers of corporate colleges and Universities as part of the attempt of employers to train employees with current skills. The main philosophy behind this trend was highlighted by a professor at the Tuck School of Management at Dartmouth. When he assessed the needs of today's employees he explained: "They lack communication skills, don't know how to work in teams, are extremely theoretical and are taught to be overly obedient. These are problems that companies need to correct".³⁴

In addition to teaching curricula, teaching methods change rapidly. Lectures and seminars need to be complemented increasingly by case studies in-class games or simulations of real conditions in the market. These methods pose instructors' resources under increasing strain, often increase teaching costs, and they are still under evaluation regarding their efficiency and effectiveness.

³⁴ Newsweek, September 20,2010, page 44. The European Commission is already concerned with these aspects has defined the Key competencies for LLL. See Official Journal of the European Union C 117/1, 6.5.2010

A promising new method of training that is expected to offer substantial cost savings, measurable results and reliability is probably the continuously developed e-learning particularly when it is accompanied by teaching (blended e-learning). The letter 'e' is appearing more and more in front of words used to describe all manner of terms, the term creates confusion particularly for any person who is new to ICT. By e-learning in this article refers to the cedefop's analysis e.g. on the courses, on any subject, undertaken by a person using computer technology and not directly on a person's ability to make use of a computer³⁵. E-learning curricula are under constant development and in addition to basic courses, they offer deal today with highly sophisticated subjects. However, direct evidence on cost reductions – or economisation - offered by e-learning is still under research and this paper is an attempt to fill this gap. In fact one of the main findings in the OECD survey on e-learning of 2005 stated: *“While a number of respondents expressed positive expectations about the cost reduction potential of differing forms of e-learning, few were able to offer direct evidence of this impact.”*³⁶

Table 1 Example of Cost Comparison using e-learning

In Person 5-day classroom Project Management Professional Exam Preparation Session versus E-learning solution; including 12 months access to an on-demand portal containing courses, books and roadmaps for all levels of project management preparation

Training Option	25 Learners	Cost Per Learner
Classroom Project Management Professional Exam Preparation	€41.700	€1.700
E-Learning option offered Project Management in a Knowledge Centre	€13.600	€542

Source: <http://www.skillsoft.com> Classroom training costs based on 25 students attending 5-day PMP training session through major classroom provider. Costs based on list price for 25 users of the identified content. The info indicates that significant discounts apply to longer term or larger volume purchases.

Table 2 Example of Costs using e-learning

License	Description	One-time License Fee	Cost per Learner No time limit
Small Business Express Edition	Unlimited courses, up to 250 students	€ 6500	€ 26
Standard Corporate Learning Edition	Unlimited courses, up to 1,000 students	€ 9600	€ 10
Enterprise Edition	Unlimited courses, up to 5,000 students	€ 14600	€ 3
Unlimited Edition	Unlimited courses, unlimited students	€ 29300	? < € 1

Source: <http://www.flextraining.com>

³⁵ A preliminary study on the current state of e-learning in lifelong learning, Ken Page, Cedefop 2006

³⁶ E-Learning in tertiary education: where do we stand? OECD 2005, page 224

Recent evidence in the above tables respond to this question and asks for more serious consideration of e-learning due to the fact that sophisticated interactive methods of e-learning are now easily accessible even to ICT-illiterates. **Tables 1 and 2** present costs examples of two e-learning sites. The first one in **Table 1** offers a comprehensive solution that may be used very successfully particularly in blended learning. It includes exams and certification with courses in all the rage of business subjects. It also provides a comparative cost indication for 25 persons and offers substantial reductions for large number of trainees. The second one in **Table 2** reveals the on-line cost of participation which could easily end up well below the €3 per learner per year for unlimited number of courses and learners. This figure is realistic if the vast number of available trainees in Enterprises and in Public Employment Services - as seen in **Graph 13** - is taken into account. The purchasing power of PES - or that of large training organisations - for bulk purchases is enormous and the potential for cost saving and higher quality of teaching with e-learning appears unlimited.

If we return to traditional training, the figures found in the preceded analysis for VET in **Graph 8a** refer to an average of 279 PPS for direct costs per employee and an average of 29 PPS per employee for receipts from training funds. The same figures **per participant** are more than double as it was found from **Graph 8**.

What does it mean in practice? **When current e-learning is offered at less than €3 per learner, EU countries pay on average €300 per employee or €640 per trainee annually. Further on from Graph 2 we can safely assume an average of 30 hours annually per course participant and we end up with actual VET costs at €21 per hour per trainee. To put it differently, vocational training is currently provided in the EU almost on a private tuition cost!**

It would have been interesting if there were aggregate figures that reveal the repartition of this cost. It is almost certain, however, that only a small portion goes to the VET instructors. It could be safely assumed that the rest is pocketed by the opaque structures of private or public training providers that dominate this sector. All that might partially explain the current passive attitude of training providers towards drastic reforms in VET and the use of e-learning.

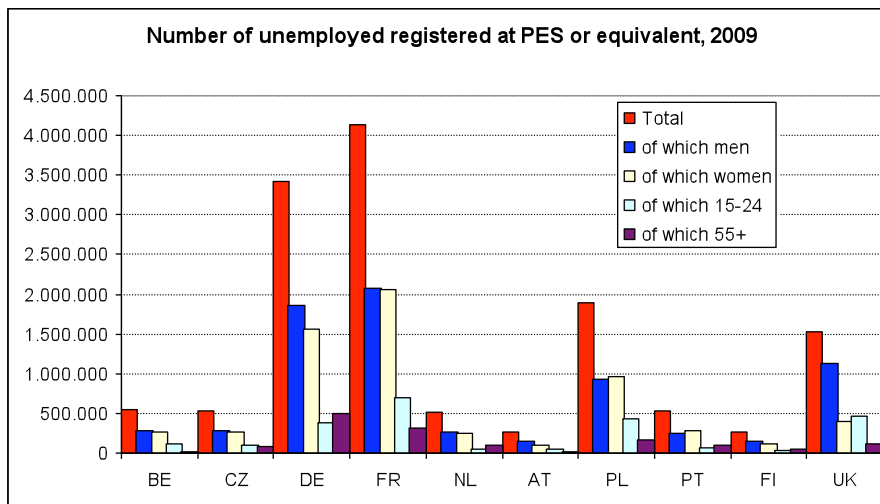
In all the peer and thematic reviews under the various OMC, the efforts were directed mainly to various forms of repartition of costs. Despite the lack of effective policy tools like those of the Single Market, the Commission is supporting of change in this domain. The Commission follows e-learning developments and works with it as well as with other parallel innovations such as e-twinning. Events are organised regularly such as the major conference on e-learning organised in 2006 that realised its huge potential for VET and the need for consolidation of various e-learning platforms with focus more on the content and not on the technology.

In the most recent Commission's major event on the Digital Agenda on 16.7.11, a session devoted to the mainstreaming of e-learning pointed out that *change in this domain is difficult and too slow but it is inevitable and necessary*. There are already many activities and experimentations on pedagogical change and on new ways of learning and teaching. However, there is need to scale up, to learn from each another, and to be clear about the vision and the goals and to involve all stakeholders for a lasting success. Despite slow progress, important barriers gradually disappear. For instance the considerable initial investment in hardware has gone thanks to direct access to broadband internet which is now accessible to the large majority of the population.

A reminder of the benefits from this method is useful. A well organised blended e-learning does not threaten but rather empowers the teaching profession in VET. It will slash

administration costs; it will allow accurate registration of all students and will offer more accurate and objective evaluation tools. It will also streamline and upgrade training methods by allowing instructors to spend more time in improving the quality of their teaching that will be conducted in conjunction with the e-learning activities. The major advantage is that the instructor will be complemented with face e-learning for each individual student. A blended e-learning offers substantial economization of time to instructors. They could use it to upgrade their skills and to design their own e-learning courses. The method appears to confirming the benefits expected from economisation of time already foreseen by K. Marx. Fears that distant learning systems could threaten jobs in the teaching profession have now faded away. It is clear to everyone that no machine based system can ever replace personal tutoring. All that was known for years but market structures in VET are still hesitant with these challenges and forego potential benefits particularly for the disadvantaged of the labour market.

Graph 13 with the potential number of participants in e-training activities



Source: Data compiled from a Joint OECD-EC Project on the European network of public employment services 2010

In addition to that, and on the condition that the teaching profession recognise that blended e-learning is pedagogically sound, this new method can by-pass all the obstacles to training already mentioned in **Graphs 9,9a,9b,9c** and thus will substantially increase participation in training. It will eliminate, to a large extent, the labour cost of participants and it will adapt the training to the tastes of the individual. Each individual will be able to learn at her/his own pace with an obligation to pass regularly the certification tools offered. Finally, e-learning could easily be adapted to the different methods of cost sharing and it will offer more transparency and more accountability. Highly interactive packages that transfer knowledge and skills in an animated way could prove extremely more efficient from what we knew only a couple of years ago. They could also be used and enjoyed by all the disadvantaged groups such as the low-skilled, the 55+, the immigrants, and by those with special needs.

However, the picture is more complex from what the numbers or the advocates of e-learning suggest. After several years of teething problems, e-learning producers start to offer attractive

comprehensive solutions to training with cost effectiveness and innovative pedagogical methods. The most promising ones, for the purposes of vocational training, are **interactive software packages** that offer comprehensive teaching courses available on the web. The quality of such programmes challenges the classroom setting. It is apparent that they could never replace it but a blended form of e-learning can improve substantially pedagogical outcomes. As expected, ICT and business subjects are the disciplines that make the most from the use of some form of e-learning. Reduction of deadweight learning costs –administration and other non-teaching costs - is now possible with the new packages that are fully interactive and can be accessed anywhere with a lap top and a password.

What really emerges now is the need to evaluate current e-learning methods –particularly for VET purposes – in pedagogic as well as in cost terms. This paper offered some evidence of cost effectiveness but the pedagogical and other implementation aspects should be further explored and assessed³⁷ Long lasting e-learning courses have very little chance of being finished by learners in the absence of person to person instructions. Short courses, however, proved very popular and have a better chance of completion. An initiative by an individual on maths instruction through internet, without interactivity and based on 12 minutes courses proved so successful that now attracts considerable funding from the Bill Gates foundation³⁸. On more general and complex interactive courses business are reluctant to encompass the method. The sounding success of e-learning packages for ECDL certification that served exclusively the interests of Microsoft is also well known and proved the effectiveness of this method that nevertheless works very well beyond ICT training. E-learning, seems to offer now the potential to help in the realisation of many of the aims of the NSJ initiative. But governments and training institutions need to have a comprehensive understanding of its cost and benefits. They need to examine its cost effectiveness, to understand new structures for e-learning, to evaluate its pedagogical value but most importantly to equip public & private employment and training institutions with the necessary procurement skills in order to be in a position to select the most appropriate e-learning packages or other methods.

Main conclusions/recommendations

The low-skilled, the unemployed and other disadvantaged groups encounter an uncertain future. According the Cedefop projections, demand for future jobs is increasing for the high-skilled, to a lesser extent for the medium-skilled but it is declining for low-skilled jobs. The need for upgrading the skills of everyone is an imperative. The growing importance of general skills is manifested by the extensive research both at national and international level. The PIIAC programme at the OECD is devoted at the generic adult skills that count in the marketplace. However, employers are not interested in training their staff in general skills and training organizations concentrate their products to the high skilled where they hope to make a better deal. Upgrading the skills of the labour force and particularly of the disadvantaged may take many years and blended learning seems able to help efficiently in the context of wider improvements in VET. Despite limited data up to 2005 for cost sharing of training and the opaque structures in managing training budgets, this paper has found some developments that already shaping this field. Several suggestions and conclusion emerge from this analysis.

³⁷ The pedagogical value of e-learning and blended learning is discussed widely with very promising outcomes. However, this discussion is beyond the scope of this already too long article.

³⁸ www.KhanAcademy.com

There was clear evidence of cost reductions in training that probably originate from increasing use of more effective methods. However, there is also evidence of certain reduction of training intensity that needs to be corrected. Costs do constitute an impediment to training but other - mainly work or family related - factors play a decisive role that could be easily accommodated.

New methods of training using new technology could offer transparency in training budgets, efficiency in managing the budget, effectiveness and cost shavings. Among them, e-learning and particularly blended learning offers a great potential to remedy many of the existing market failures in training and upgrade the quality of training. That is particularly the case with the disadvantaged groups in the society. Training of the low-skilled with courses adapted to their needs is a challenge that e-learning could probably handle more efficiently than other methods. In times of economic crises and increasing unemployment the disadvantaged in the society need more active help and support. A well structured blended learning with focus on their specific needs could be a precondition for the provision of unemployment or other benefits. In this way the unwillingness to follow training could be overcome together with a better management of the benefits.

The lack of thorough and longitudinal evaluations on the management of VET in MS calls for increased and coordinated effort with more surveys and regular evaluations on the delivery methods of training policies or practices. The new Continuing Vocational & Training Survey 4, the ongoing employers' survey by Cedefop, and PIAAC by the OECD will fill many of the data gaps. It is important that these surveys always attempt to sample all groups in the society including the non-employed and the immigrants.

More narrowly targeted peer reviews on specific practices of cost sharing in VET, would help to better understand opaque structures and complex practices. It would also create peer pressure for improvements. For example, a peer review only on training subsidies or only on tax allowances would better help to compare structures and reveal inefficiencies, bottlenecks and red tape at the implementation level of each practice. Certainly, an increased focus on the details of implementation for each policy or practice should not divert the attention from the importance of policy mix related to each practice. On all these issues evaluations of high quality is a necessary prerequisite.

Joint action between a range of actors at local and regional level (social partners, public employment services, social services, education/training institutions, civil society organisations, etc) will also be necessary to reach those with particular difficulties in getting a firm foothold in the labour market.

PES need to strengthen their current service delivery model and act as transitions agencies: they need to pass from interventions only directed to unemployed and single job-to-job matches towards a more comprehensive and preventive role of universal lifelong service providers, delivering state-of-the-art services in the areas of skills assessment, profiling, training delivery, individual career guidance and client (both workers and employers) counselling, matching and services to employers³⁹.

A comprehensive revamp the professional training system by investing heavily on the use of a blended form of e-learning in VET particularly for SMEs. The new impetus by EU2020 for a

³⁹ See the current New Skills for New Jobs initiative for more details on action needed.

Digital Europe is a unique opportunity to capitalize on the advantages of digital training that are numerous: considerable economies of scale, inclusiveness (for the non-employed, immigrants etc), efficiency & effectiveness, red tape reductions, and certification possibilities. Several MS are quite advanced in this area and can share their experience and practices with all MS interested to use such practices. Evidence from statistics in this paper indicates developments in training that need to be explored thoroughly. The existing experience could be disseminated with one or more Peer Reviews or Thematic Reviews that could reveal all the elements of an effective delivery of vocational training through e-learning. Within these reviews and as suggested⁴⁰, the results of EU sponsored e-learning projects should be held in a central databank which could be accessed by accredited organisations throughout the Member States as open sources. The programmes developed under these projects would save other organisations from reinventing systems which are already developed.

There is no doubt need for greater collaboration between education and training providers, employers and professional bodies, including all types of partnerships. A focus on 'learning outcomes' could encourage this relationship.

A central portal at national level that will help prospective learners to find e-learning courses appropriate for their needs was suggested since 2006⁴¹. However, it is still missing at least in large EU countries. Even when learners manage to locate an e-learning course they have to start with considerable advance payments with no prior knowledge of the quality or relevance of the product. That is particularly the case with private training companies. One promising prospect is the Panorama of skills under development in the Commission could in future be connected with such a portal.

Finally, the image of VET is a major obstacle to its development. VET remain largely the Cinderella of the education system and according to Cedefop it is restricted on its development due to lack of esteem. One of the US's most successful measures to improve VET's image was to rebrand it, renaming vocational courses 'career education', 'technical education', 'industrial technology education' or 'school-to-career programmes'. Institutions and programmes providing these courses have names like 'tech prep', 'career academies' and 'service learning internships'.⁴² A similar step would have been very appropriate in the EU.

Notwithstanding all the analysis of this highly complex sector, it seems that the market is not interested to revamp VET, to upgrade its image, its quality and possibly its effectiveness through the use of blended learning. It is rather interested to use e-learning and quality blended learning only in executive or other highly paid courses and to ignore the benefits it could bring to wider sections of our society.

More than a decade ago a business strategist clearly elaborated on the reluctance of business to embrace e-learning : *Companies should be careful to use e-learning only when it makes strategic and economic sense, not simply because the technology is available. In addition, e-learning should always be used along with other more traditional means of learning, and*

⁴⁰ Cedefop, European Centre for the Development of Vocational Training, A preliminary study on the current state of e-learning in lifelong learning
Thessaloniki: Cedefop, 2006. Available from Internet: <http://www.cedefop.eu.int> [cited 20.7.10]
http://libserver.cedefop.europa.eu/vetelib/eu/pub/cedefop/pan/2006_5169_en.pdf

⁴¹ A preliminary study on the current state of e-learning in lifelong learning, Ken Page, Cedefop 2006, p.19

⁴² World class competition in training, Cedefop briefing note, March 2009

*carefully monitored by feedback mechanisms to measure whether its objectives have been accomplished, and how e-learning programs might improve in the future.*⁴³

Today and more than a decade from these suggestions, attitudes towards e-learning remains strikingly similar as a recent paper on the subject confirms. *While this market is rapidly maturing and becoming more stable, eLearning would still be viewed as a high risk/high return sector that would primarily be attractive to the institutional investor that has the inclination to monitor a highly volatile market. The market is appealing due to most recent growth, but the projected growth is expected to decline. While the product is one that can be differentiated, the extent to which differentiation will lead to a sustainable advantage is suspect.*⁴⁴

It is evident that the market, as it is functioning in this sector, is unable to produce the common good. The most eloquent explanation for all that is provided again by professor Streeck: *... successful self-interested, utilitarian behaviour in market environments requires the presence of collective resources, common values and shared expectations that rationally acting individuals cannot normally generate, protect or restore even if they fully recognise their vital importance.*⁴⁵

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⁴³ Tai Luther, *Corporate E-learning*, Oxford University Press, USA, October 1997

⁴⁴ Kaliski John et al, *Competition In The eLearning Industry:*

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⁴⁵ Streeck, Wolfgang, *Skills and the Limits of Neo-Liberalism : The Enterprise of the Future as a Place of Learning, Work, Employment & Society*, Vol. 3 No 1, pp. 89-104, March 1989, Sage on line Publications

Is Europe moving towards a new
paradigm of public sector management?

*The case of professional education in
Europe*

Dr. Tassos Bisopoulos
European Commission
DG Employment, Social Affairs &
inclusion

Main message

- limitations of EU soft law in a market system
- Main focus in Vocational Education & Training (VET)
- Did not facilitate innovative economization systems that could revamp opaque structures

Economization, liberalisation, competition

- Marx: supports economization of time:
- *...The less time the society requires to produce wheat ...the more time it wins for other production, material or mental. Just as in the case of an individual, the multiplicity of its development, its employment and its activity depends on economization of time*
- technology & other forces made economization more complex
- countries unable to deal with it in a market setting in many domains

Competition vs. public intervention

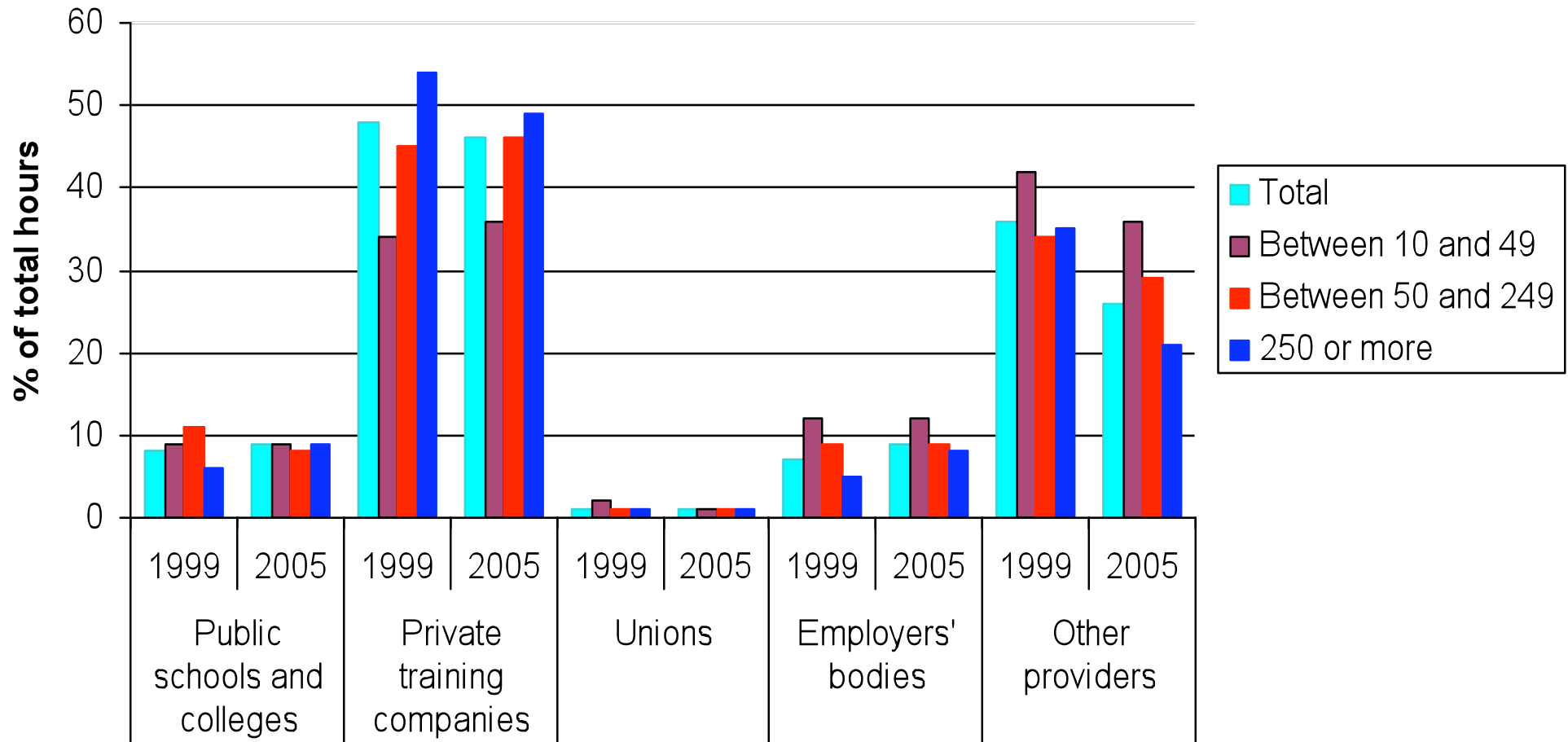
- Market gurus accept but afraid of state intervention
- Voices of government assault on private enterprises lauder than those on state intervention with market failures
- Today PPPs form the “knowledge triagle” of education, research, innovation.

The soft approach

- The Open Method of Coordination
- The European Employment Strategy
- Importance of Vocational Education & Training (VET)
- Cost sharing in VET
- The Treaty, the guidelines, the 2020 strategy (at least 15% LLL participation)

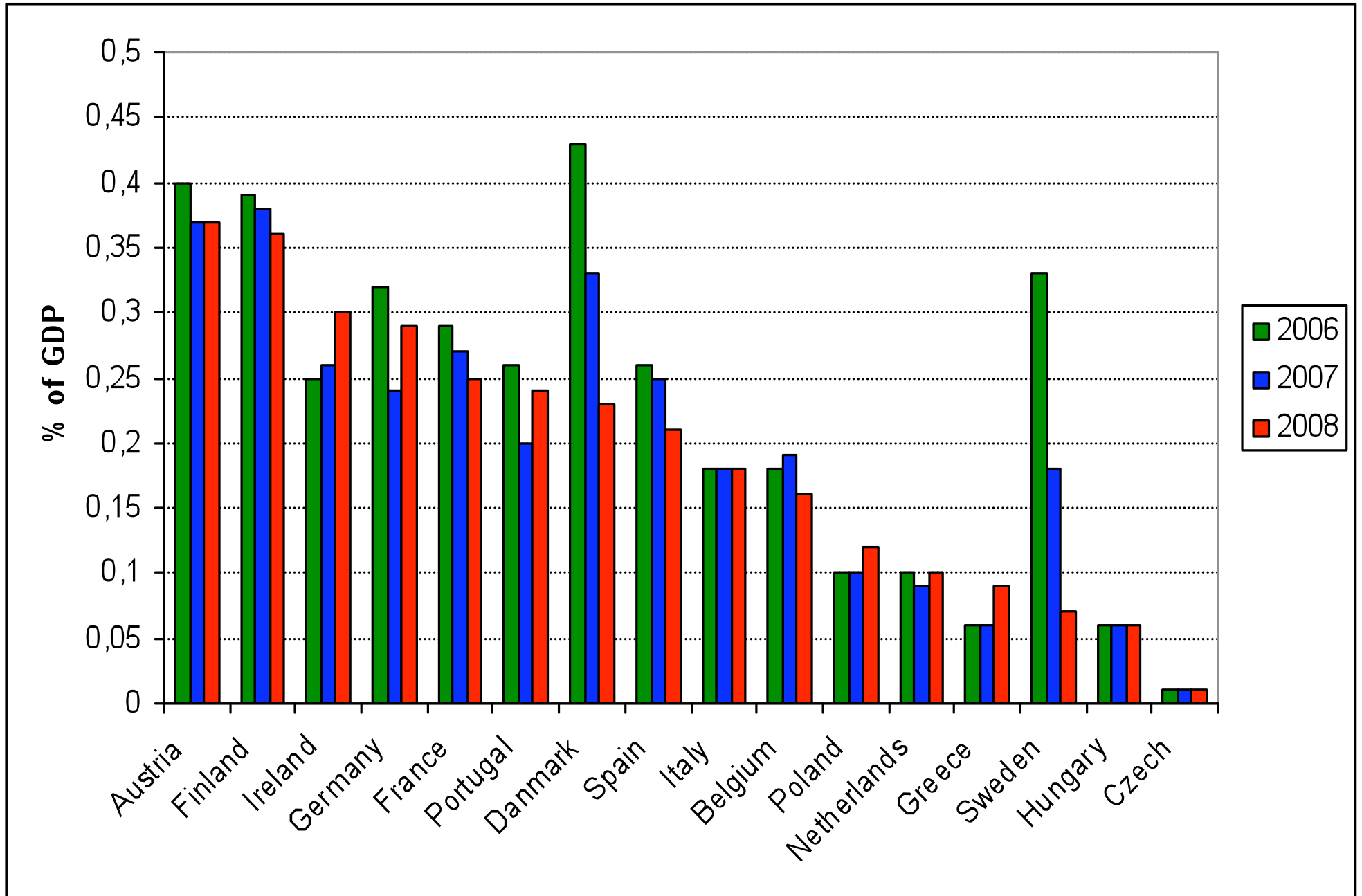
Vocational training providers by size class of enterprises, EU25

Percentage of the total hours in external CVT courses, by training provider and size class (EU 25)



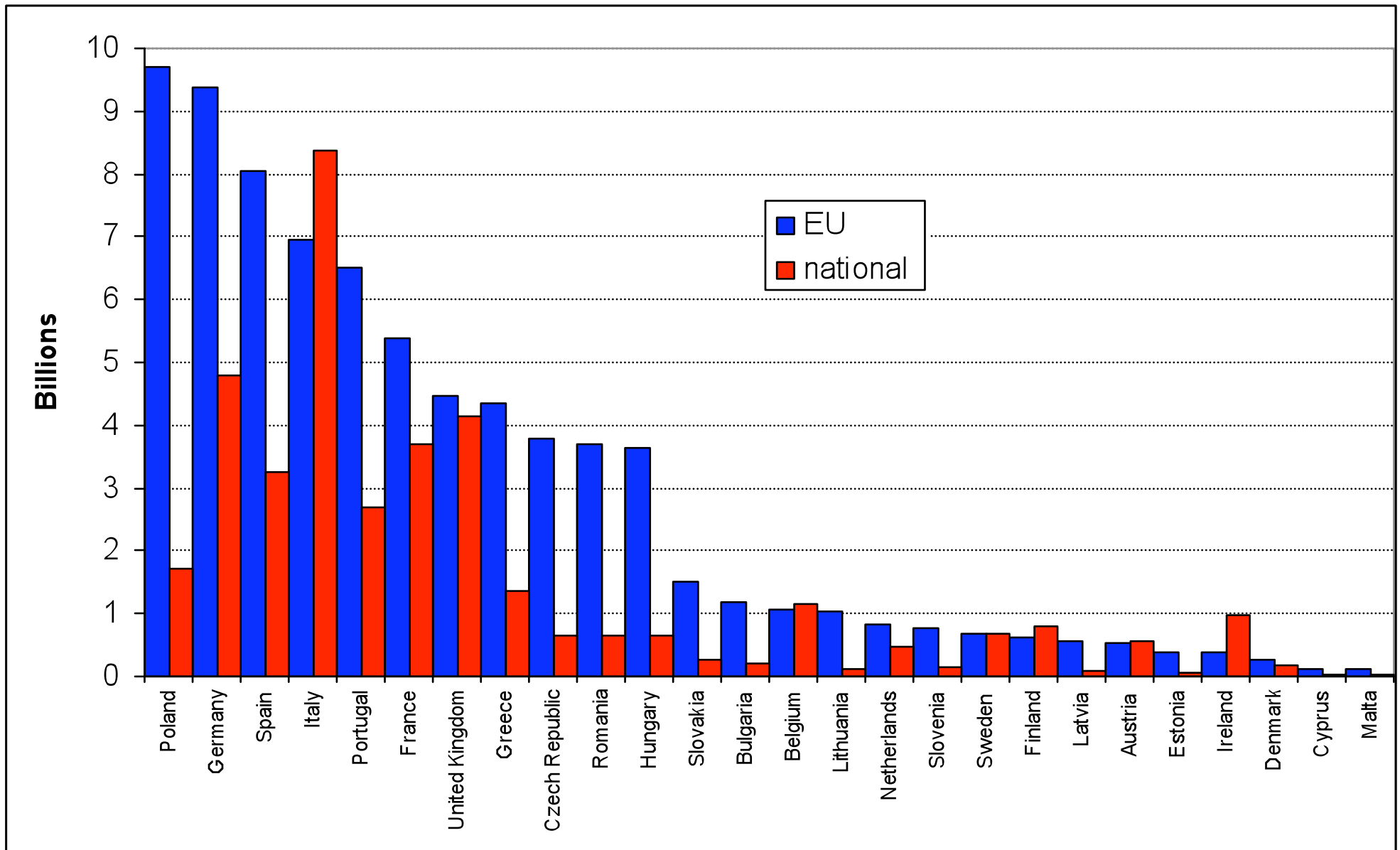
Source: Eurostat, CVTS1,CVTS3 Other providers in include: Universities and other higher education establishments, Public training institutions (financed or guided by the government; e.g. adult education centres) Specialized training institutions, Equipment suppliers, Parent/associate companies, Private training companies whose main activity is not training

Public expenditure for training as a percentage of GDP in selected countries

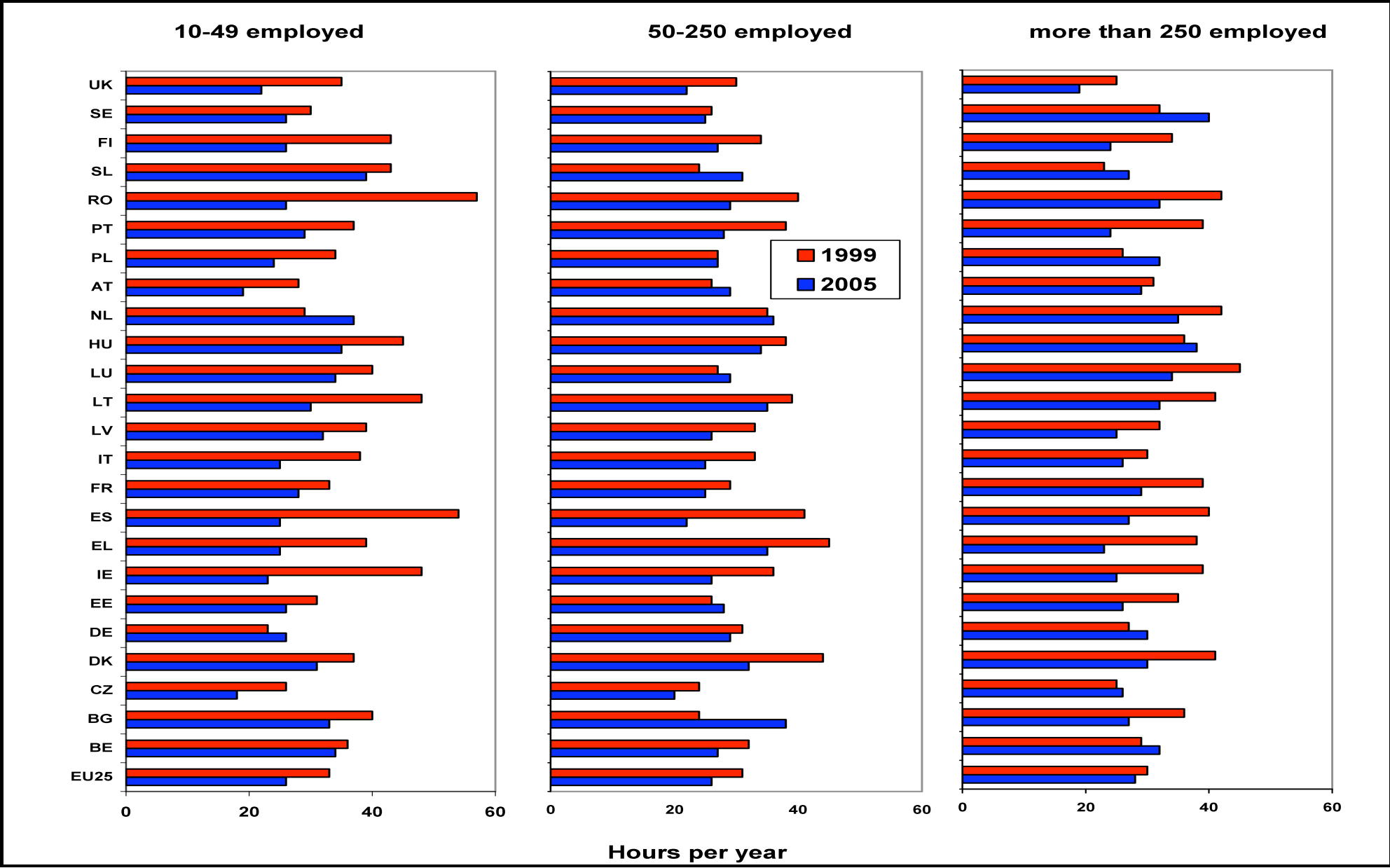


Source: data compiled from the OECD Employment Outlook 2009, Table J, page 276

European Social Fund spending per country 2007-2013 (€ billions)

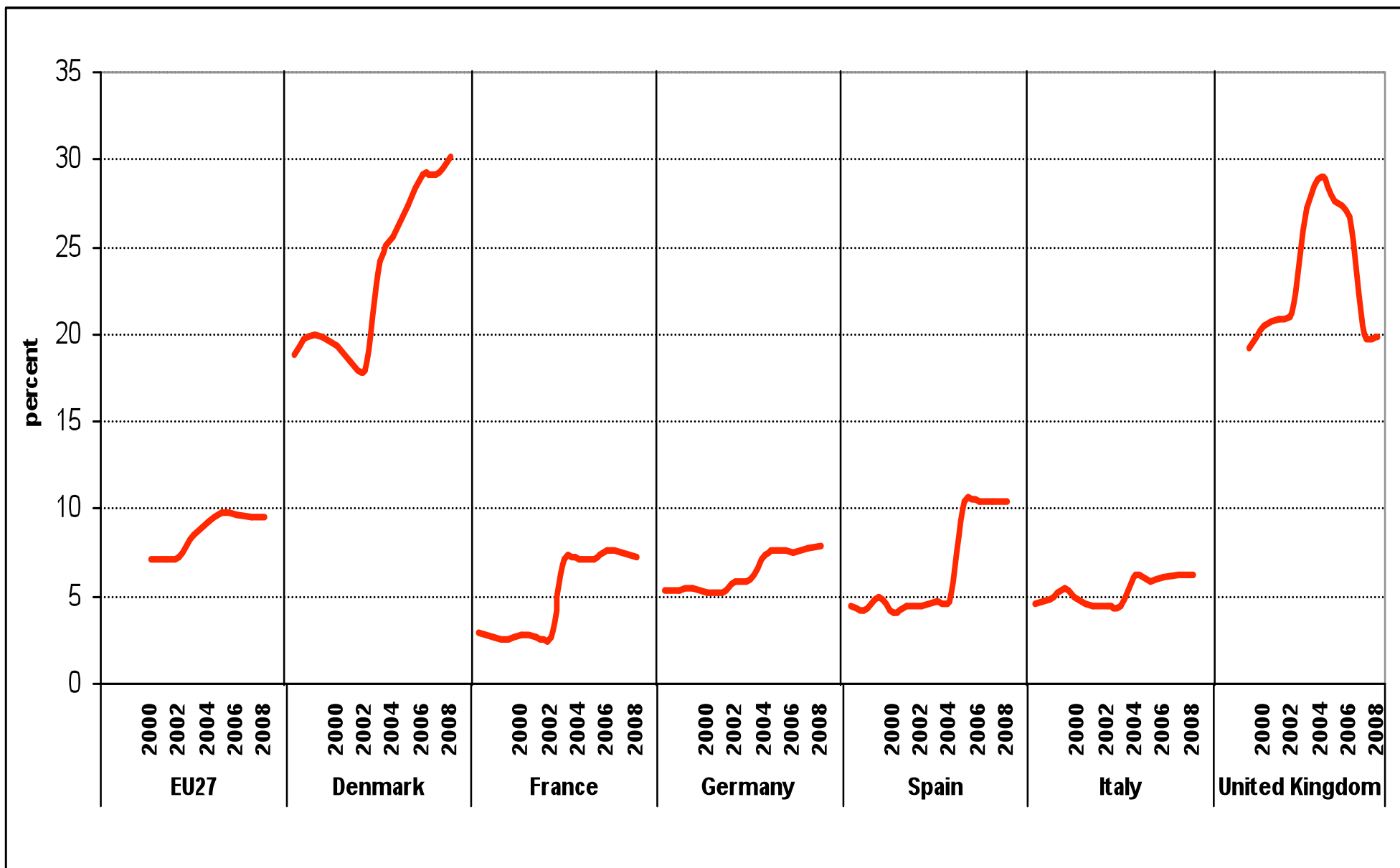


Hours in CVT courses per participant and year, by size class
 1999 & 2005 for sizes 10-49, 50-250, more than 250 employed)



Source: Eurostat, cvts1, cvts3

Percentage of the population aged 25-64 participating in education and training over the four weeks prior to the survey in selected Member States (1997 – 2008)



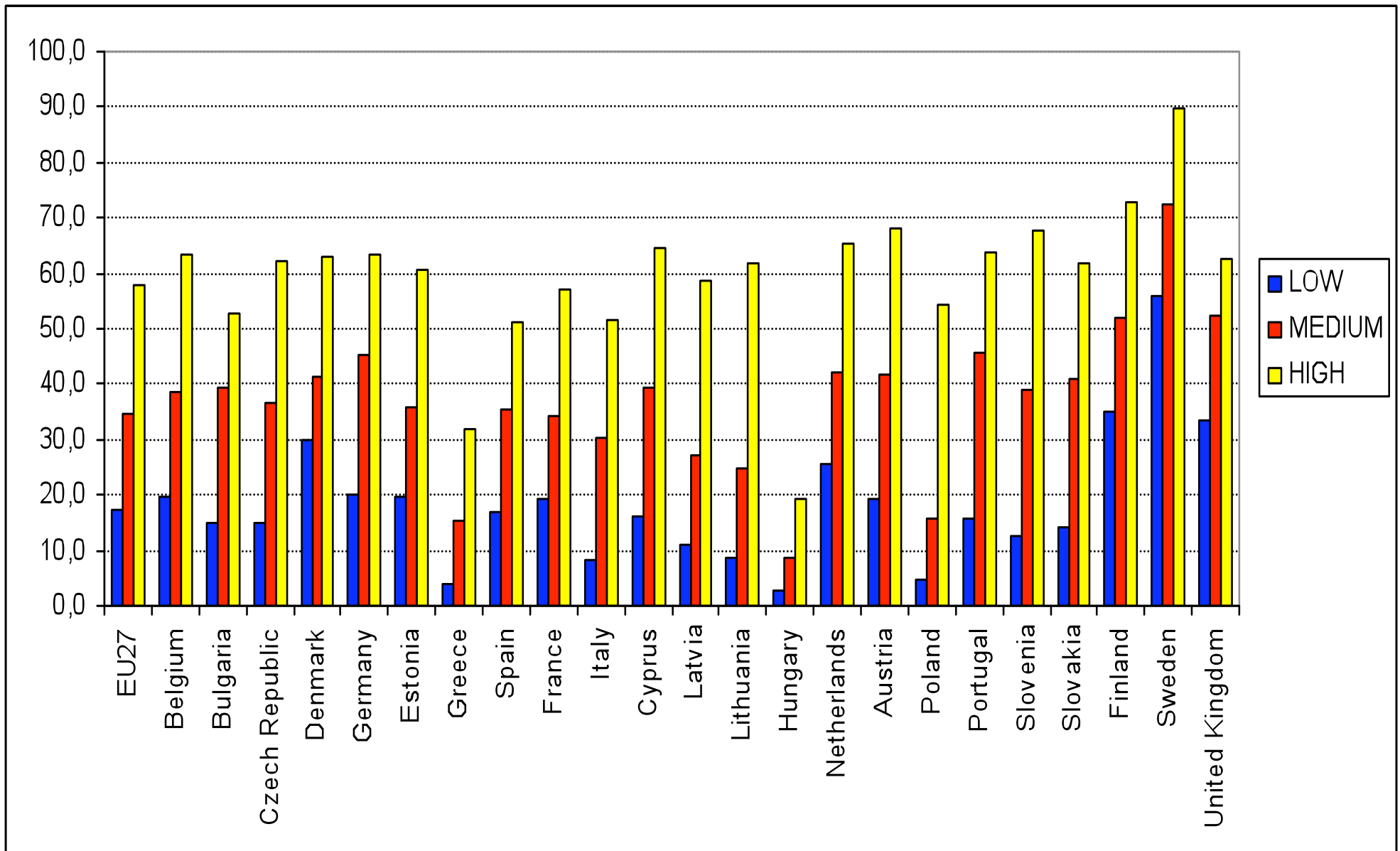
First evidence

- **decline in training intensity in enterprises**

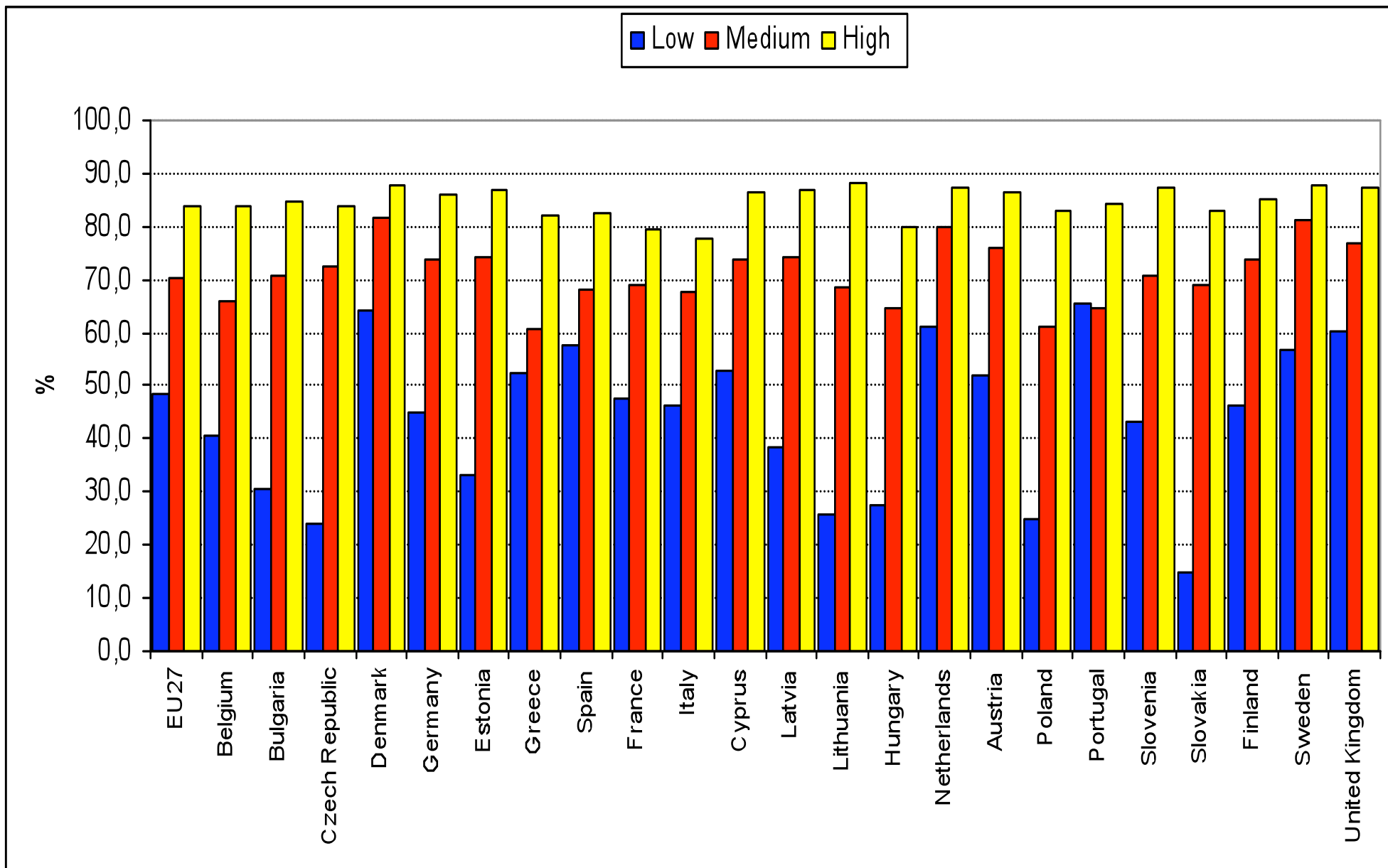
Who participates in training and who does not?

What are the consequences?

Participation rate in education and training by highest level of education

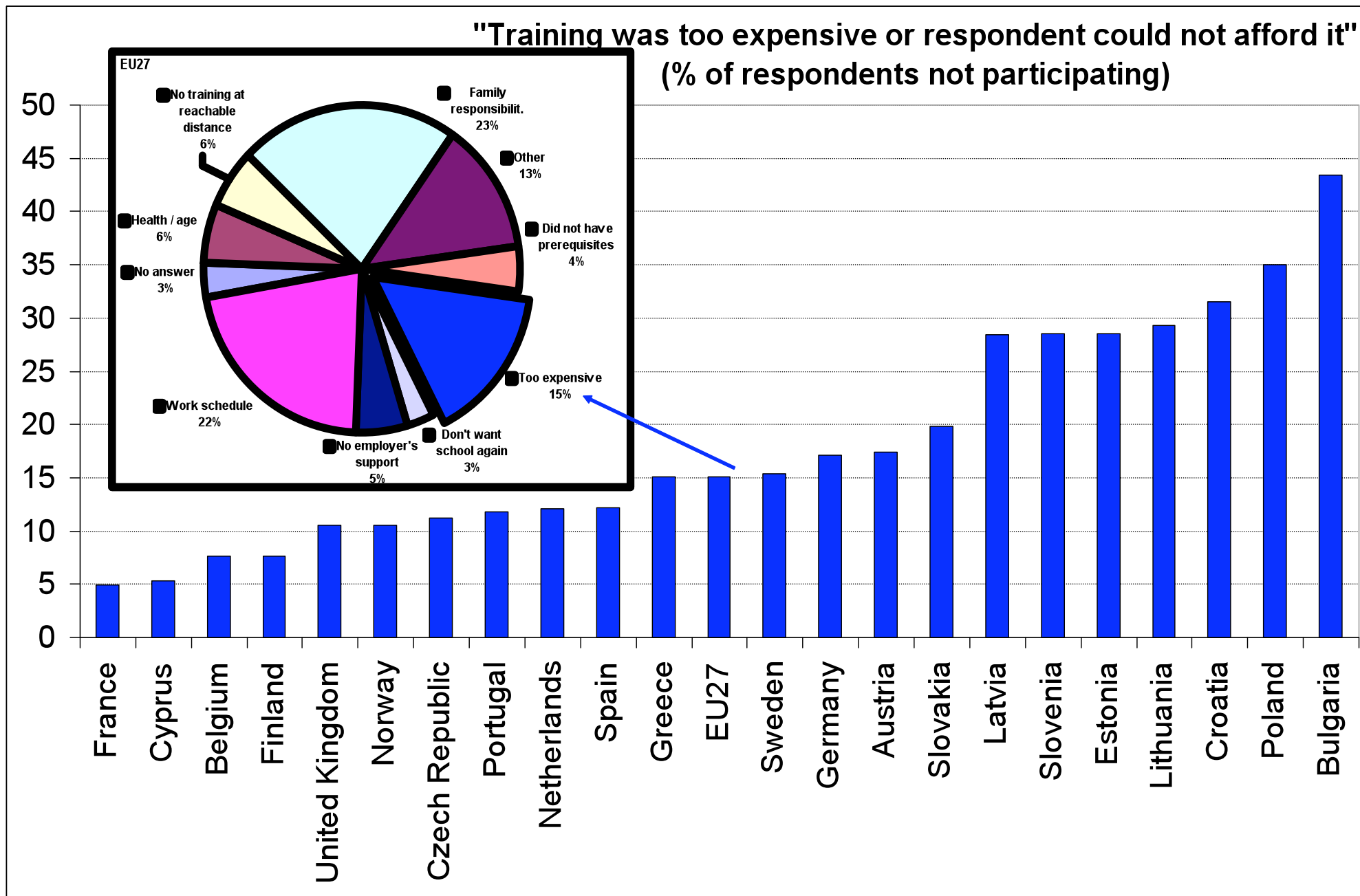


Employment rates by highest level of education attained, 2007



Source: Labour Force Survey

Type of obstacles to training reported as the most important



Repartition of Costs in VET

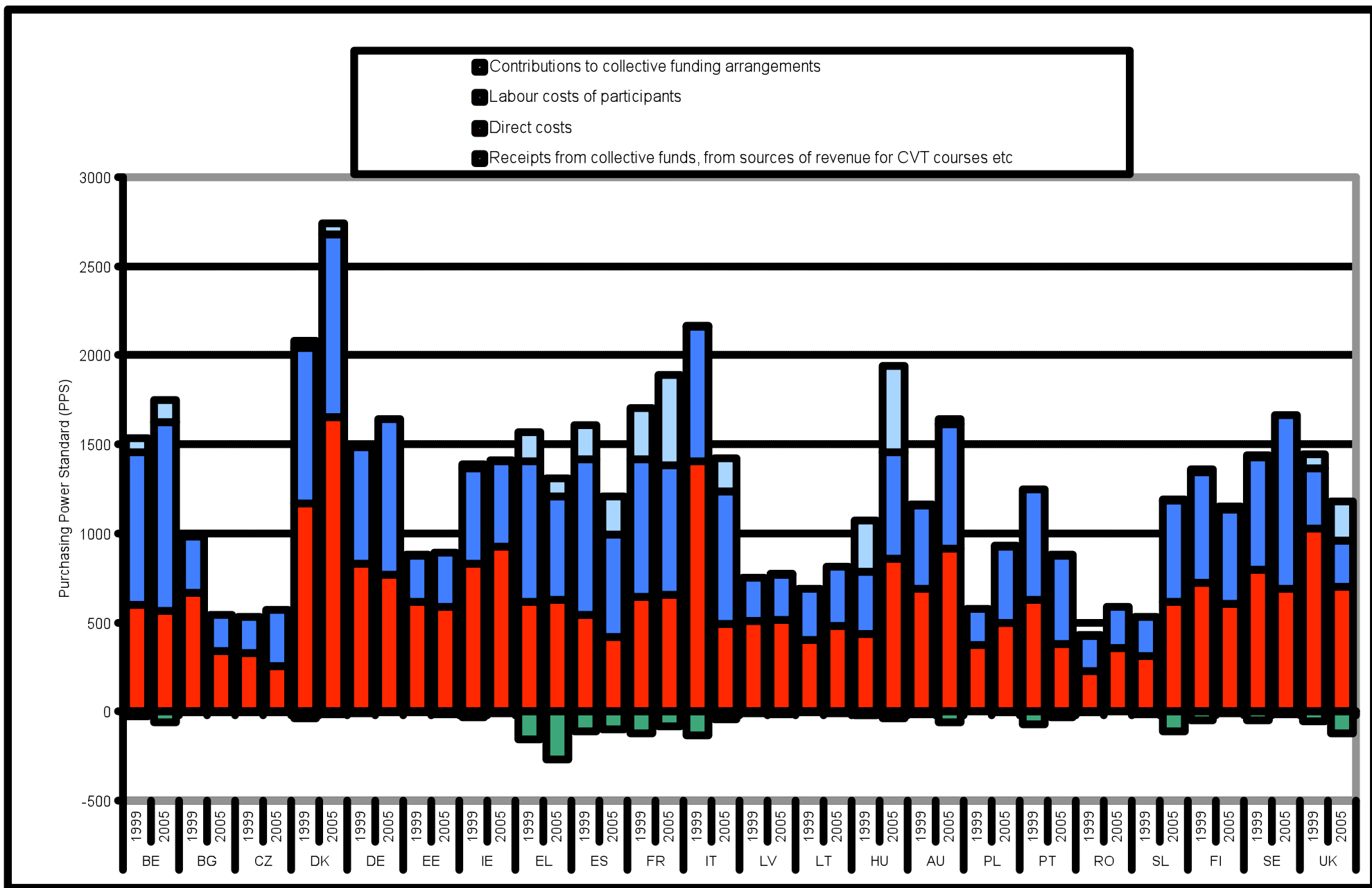
Zero sum game (employer, state, individual)

Each one has incentive to free-ride on the contributions of others whereas maximum shared benefit will be highest only if all stakeholders take their part.

Selected existing Schemes

- **Tax schemes** : transparent, little admin cost but high deadweight loss
- **Levies** : raise and maintain a high degree of employer-based training through self-financing **but** not very popular with smaller companies investing little in training, which perceive the levy simply as an extra tax burden
- **Subsidy schemes** : better targeting of specific groups **but** high administrative costs for authorities, suppliers and users and a loss of flexibility to allow accommodation of user needs
- The **Individual Learning Account** :Scheme that managed to reach middle-aged poorly qualified people of both genders, with relatively low deadweight
- **Vouchers** : cash-in instruments for the use of training institutes. Can be linked with accreditation and could help in combating educational exclusion, inequality and social disadvantage. Success might be partly explained by the high percentage of experienced learners it attracted

Structure of costs of CVT courses per participant (PPS)



Source: Eurostat, cvts1, cvts3

Cost comparisons

Traditional methods of VET learning

According to previous Graphs in the EU the estimated cost is €640 per trainee per year for an average of 30 hours annually or €21 per hour per trainee.

→ vocational training is currently provided on a private tuition cost!

Current e-learning costs

Example of Costs using e-learning

License	Description	One-time License Fee	Cost per Learner No time limit
Small Business Express Edition	Unlimited courses, up to 250 students	€ 6500	€ 26
Standard Corporate Learning Edition	Unlimited courses, up to 1,000 students	€ 9600	€ 10
Enterprise Edition	Unlimited courses, up to 5,000 students	€ 14600	€ 3
Unlimited Edition	Unlimited courses, unlimited students	€ 29300	? < € 1

Source: <http://www.flextraining.com>

Blended e-learning

- will slash administration costs,
- will allow accurate registration of all students
- will offer objective evaluation tools. It
- will also streamline and upgrade training methods
- will allow instructors to spend more time in improving the quality of their teaching

In other words

- that seems to go in line with the benefits from economisation of time already foreseen by K. Marx.
- However, the existing market dominated system in VET is still silent on these benefits.

Summing up

- *change in this domain is difficult and too slow but it is inevitable and necessary*
- Need to change the Cinderella image of VET
- Embrace blended learning but business are reluctant

VET has little chances to advance in a market system

- *“...successful self-interested, utilitarian behaviour in market environments requires the presence of collective resources, common values and shared expectations that rationally acting individuals cannot normally generate, protect or restore even if they fully recognise their vital importance.**

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Streeck, Wolfgang, Skills and the Limits of Neo-Liberalism : The Enterprise of the Future as a Place of Learning, Work, Employment & Society, Vol. 3 No 1, pp. 89-104, March 1989, Sage on line Publications