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# Skill Needs and the Institutional Framework Conditions for Enterprise-Sponsored CVT - The Case of Denmark

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#### **Abstract**

The focus of this article is twofold. The first part is centred around the historical development of the Danish training and education system for people in employment, while the second draws on the results of a recently conducted survey in order to discuss the role of skill needs analyses and the determinants of enterprise-sponsored training. A major issue that emerges in an analysis of the historical development to the present is that the introduction in 2001 of the latest changes in the legal framework of CVT signalled changes in the established ways of viewing CVT in Denmark. These changes constituted a shift in financial responsibility away from the state and towards the social partners. Furthermore, they indicated diminished state responsibility for CVT activities and a move towards more market-oriented/demand-led CVT.

An important conclusion reached in the part of the paper dealing with analyses of skill needs is that motivation for sponsoring CVT should not be analysed as a simple causal relation where a qualification need leads to sponsored CVT. Instead, sponsoring of CVT should be seen as an enterprise's way of dealing with external as well as internal challenges of varying nature. The conclusions drawn are based on the view that personnel policy consists of four elements: recruitment, retainment, development and outflow. Applying this perspective paves the way for a more comprehensive picture of CVT activity and acknowledges the multifaceted motives behind enterprise-sponsored CVT.

## Zusammenfassung

Dieser Artikel besteht aus zwei Teilen: der erste Teil behandelt die historische Entwicklung des dänischen Aus- und Weiterbildungssystems für Beschäftigte, der zweite Teil untersucht die Rolle von Qualifikationsbedarfsanalysen und die Bestimmungsgründe für betriebliche Weiterbildung anhand von Ergebnissen neuerer Umfragen.

Ein prägender Einschnitt für das dänische Aus- und Weiterbildungssystem stellen die Veränderungen der rechtlichen Rahmenbedingungen im Jahre 2001 dar. Diese Reformen hatten eine Verschiebung der finanziellen Verantwortung für Weiterbildung vom Staat zu den Sozialpartnern zur Folge. Darüber hinaus bedeuten sie eine deutliche Reduzierung der staatlichen Verantwortung für Weiterbildung und eine stärker marktförmige, nachfrageorientierte Steuerung des Aus- und Weiterbildungssystems.

Eine wichtige Schlussfolgerung aus der Untersuchung des Zusammenhangs zwischen Qualifikationsbedarfsanalysen und betrieblicher Weiterbildung ist, dass dieser nicht auf einen einfachen linearen Einfluss von Qualifikationsbedarf auf Weiterbildung zurückzuführen ist. Vielmehr stellt Weiterbildung eine Firmenstrategie zur Reaktion auf unterschiedliche externe und interne Herausforderungen dar. Die Schlussfolgerungen basieren auf der Sichtweise, dass betriebliche Personalpolitik aus vier Elementen besteht: Rekrutierung, Verhinderung von Fluktuation, Personalentwicklung und Personalabgang. Diese Perspektive führt zu einem umfassenderen Bild betrieblicher Weiterbildung und erkennt die vielschichtigen Gründe für betriebliche Weiterbildungsentscheidungen an.

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#### Introduction

In Denmark, as well as in the EU in general, at the OECD and at the ILO, the dominant discourse concerning general adult education and continuing vocational training (CVT) is that promotion of both is of paramount importance. Since around 1990, all political parties in Denmark have been in favour of a rapid expansion of adult education – and so have the social partners and business leaders. There is general agreement that educating employees (CVT) pays off, and that it is an absolute necessity to do so in order to keep up in a world of intensifying global competition.

CVT, it is argued, must be considered an essential component of any effort to modernise industry, to meet the changes resulting from modernisation, to adapt to demand-led production and to quality and flexibility requirements, to restructure the labour market, etc. Furthermore, the high wage level in Denmark – and its maintenance) –is based on the precondition of above-average productivity; consequently, high skill levels within the workforce must be established, maintained and expanded. The promotion of rising productivity, flexibility and mobility is therefore considered a societal obligation, also with a view to maintaining the high standards of the welfare state. However, a period of growth in the number of full-time CVT participants (from 86,000 in 1993 to 124,000 in 1998) has given way to a substantial decline in recent years.

Although in general the Danish education system can be perceived as quite cohesive, as a policy arena it is actually a highly diversified system consisting of many different areas, each with its own characteristics, policy style and policy profile of distinct institutional arrangements.

Notwithstanding the sectoral divisions, the Danish education system still shares common core values such as upgrading the qualifications of the country's citizens, and it has been able to deliver many of the prerequisites for a functioning democracy and a productive population. The education system, moreover, always been seen as part of the welfare state protection Denmark offers its citizens.

This paper consists of two main parts:

Part One provides an overview of the Danish training and education system for adults. This overview includes an outline of the present formal structure of programmes and a description of the content, the distribution of responsibility, the financing and, finally, the activity level of the system. In addition to the presentation of the current system, a very brief historical account of its development from 1945 to the present is provided. Part One also offers reflections on present and future changes in the Danish system that are likely to influence training decisions on the part of both employers and employees.

The main objective of Part Two is to illustrate how and to what extent qualifications needs are analysed as background for education and training activities in enterprises. This includes clarification regarding the extent to which enterprises use educational planning as an indicator of the level of professionalisation of human resource planning. Part Two also deals with the motivation of enterprises to plan and carry out CVT activities for their employees. In this context, enterprises' reasons for using CVT and barriers to CVT are briefly described.

#### **PART ONE**

# 1 The Danish training and education system for people in employment

To understand both the operational principles of the Danish system and the reasons behind its current structure, this section will briefly describe some of the general features of the history of Danish education policy.

Shortly after the Second World War, the Danish parliament set up a Youth Commission composed of representatives from all public interest organisations and – as a new feature – also from political youth organisations. One task was to examine young people's opportunities in the education system. The impetus behind the commission's work was the new democratic and distributive agenda in Denmark, which had been set before, during and after the Second World War.

In general, the 1950s was a decade marked by reforms. The result were two decisive commission reports about training for unskilled workers and the establishment of new educations for middle-ranking technicians. (Korsgaard, 1997; Lassen, 1998). The commission on education of unskilled workers came up with the idea of a ramified, modular education system for unskilled workers. This system was intended to serve a number of purposes at the same time: growth in labour productivity, structural change and reduction of unemployment. The training and education system quickly became popular and from 1965 a similar modular system of supplementary training for skilled workers was established as well. Since then, a system of vocational supplementary training for adults, which is publicly run and financed and is administered by tripartite boards, has been firmly established. This Adult Vocational Training (AMU) system ran its own course, undisturbed by educational reform efforts, until the mid-1980s (Korsgaard, 1997; Lassen, 2000).

During the 1980s the trade unions managed to rally political support for calls to improve the educational opportunities for the unemployed and the first result was intensified development of general education. Secondly, the "day folk high schools" (*daghøjskoler*), which were also strongly supported by the unions, were transformed into an entirely new type of school for the unemployed.

In 1984, the small, but highly influential, Social Liberal Party forced parliament to pass a nine-point programme for adult education in Denmark. One point was a statutory subsidy scheme for civic adult education for people with a limited formal education – the VUS (Adult Education Funding) scheme, introduced in 1989. After this prelude, many of the unions' ideas on Paid Time Off for Education (BFU – *Betalt Frihed til Uddannelse*) were implemented in 1992 with the introduction of educational leave for people in employment as well as for the unemployed for a period of up to one year. This meant that employed persons could only use the educational leave if their employers consented, and they were not free to choose the type of education pursued either – this was also subject to the agreement of the employers, who were free to decide what was relevant for their business (Korsgaard, 1997; Lassen, 2000).

## 1.1 New principles in education policy

When the centre-right minority government took office in 1982, the new minister of education came from the Liberal Party. His approach to education policy was characterised by ideas-based politics, and he saw it as his principal task to rid education policy of every last shred of the planning philosophy of the 1970s. Fundamentally, his great desire was to put an end to the Social Democratic course of egalitarianism in education. He wanted to follow a New Public Management (NPM) line featuring decentralisation and the introduction of quasi markets (e.g., voucher systems). From then on, the basic thinking behind education planning changed. The social-demand approach was replaced by a manpower approach based on the demands for qualifications expressed by employers (Telhaug, 1994; Telhaug & Thønnessen, 1992).

The new philosophy resulted in a swarm of initiatives. The goal was to reform all phases of the education system, replacing organised interests in welfare corporatism with market mechanisms and strengthening exit options at all stages. The central administrative bureaucracy was to be trimmed in favour of increased autonomy at the institutional level. Some of these ideas were implemented, while others died during policy formation or implementation. The new strategy also proved to be self-contradictory; in tailoring education, the government was oriented towards market principles but at the same time it applied a distinctly manpower-planning approach to access to higher education.

One of the minister's major projects was his effort to transform the system of vocational education, and in 1990 he succeeded in getting the social partners to accept a reform. In return, the social partners managed to keep their time-honoured right to manage the contents of the education via trade committees. In 1991, a new statute for universities was adopted, which reduced participatory democracy at the institutions: elected leaders became more powerful, and external representatives entered the collegiate governing bodies, which took on advisory functions. Finally, employee and student influence was reduced significantly (Telhaug, 1994; Telhaug & Thønnessen, 1992). In the subsequent period, Danish universities became more involved in supplying Vocational Education and Training (VET) courses, albeit mainly to persons already holding a bachelor degree and aiming to acquire an education at master level. The major part of the teaching expenses was publicly financed, but user fees contributed substantially as well. In some cases they would be paid by the employers, in other cases by the employees themselves. Time spent on education could be paid by the employer, for instance, through a reduction in working hours, or by the employees themselves using their leisure time.

After the change to a Social Democratic-led government in 1993, a Social Liberal minister of education took over. The government set ambitious goals in terms of enhancing the education level of the population. A programme entitled Education For All aimed to give all young people a qualifying vocational education. In general, a strong philosophy of individualisation prevailed the whole education system in the 1990s.

During the 1990s the Ministry of Education was also working on a concept for a so-called parallel adult education system. The system would give adults considerable freedom in piecing together an adult education, earning credits that would value the course at the same level as qualifying youth educations. This focus on adult education resulted in several reforms in the areas concerning both resources and administration. (Lassen, 2000).

As the title of this paper shows, the topic of interest here is enterprise-sponsored CVT in Denmark, which – as the section below will show – is an integral part of the general education system for adults. The next section will start with an introduction of the latest reform in the area of adult education, describing the content, the distribution of responsibility, the financing and the level of activity in each area of the system for adult education and continuing vocational training.

In May 2000, the Danish parliament adopted a number of acts aiming to merge the continuing training and further education programmes into a single, coherent and transparent education system. These acts originated in a political agreement from 1999 between the then government (the Social Democrats and the Social Liberal Party) and a number of opposition parties. The agreement was based on a government draft, which was in turn based on proposals drawn up by the ministries responsible for adult education, that is, the Ministry of Education and the Ministry of Labour. This all resulted in a major reform in 2000 of the vocational education and continuing training system – the VEU (Continuing Vocational Education and Training) reform (Andersen & Sommer, 2003; Undervisningsministeriet, 2003).

## 1.2 The Voksen Efter Uddannelse (VEU) reform

The process leading up to the above-mentioned proposal of, political agreement on and the subsequent passing of the acts constituting the VEU reform was initiated in a committee; the duration of this committee's work was from 1997 to 1999. The primary task entrusted to this body was to formulate proposals for a more transparent and coherent adult education and training system. The committee consisted of government officials from three ministries: the Ministry of Education, the Ministry of Labour and the Ministry of Finance, with the latter representative also chairing the committee work. This set-up marked a breach with strong Danish traditions, where ever since the 1930s the social partners have been members of all law-preparing committees. Furthermore, the committee's work was predominantly oriented towards economic conditions and steering, which had an influence on the contents of the VEU reform (Andersen & Sommer, 2003; Illeris, 2003; Undervisningsministeriet, 2003).

Financially, the reform resulted in a drastic budget cut, which was to be achieved through rationalisation; increased efficiency and user fees were supposed to come from enterprises, municipalities, other public authorities, and individuals (see Section 1.5 "Financing of the Adult Education System"). Structurally, a significant rationalisation of the entire adult education and training system was achieved with the introduction of only three main categories:

- Liberal Adult Education
- General Adult Education
- Adult Vocationally Oriented Education

The figure below illustrates the structure of the system:

Note: The diagram only shows levels, not the extent of activities. The white boxes indicate the changes due to the VEU reform.

foreigners. A list of abbreviations can be found on page ...

Figure 1: The Danish Adult Education and Training System

#### **Danish Education System** General **Adult Education and Continuing Vocational Training** Years of **Education System Adult Vocationally Oriented General Adult** Liberal Adult Education **Education Education Education** 13th-17th 13th-15th Medium-Cycle Higher Degree Level 13th-14th Education Short-Cycle Higher Continuing Vocational Training programmes (CVT) and Adult Vocational Training (AMU)\*\*\*\*\* General and Vocational Upper Secondary Education **Education and Training (VEUD)** 10th-12th Vocational Education and Training Higher Preparatory Examination Basic Adult Education (GVU) \* Day Folk High Schools Folk High Schools\*\*\* Evening Schools\*\*\* Special Education for Danish as a second langauge 9th-10th Primary and Lower Secondary Education Preparatory Adult Education

\*Open Education outside the Basic Education System \*\*Introduced 2001 as part of the Adult Education Reform, (the Danish abbreviation for Further Adult Education is VVU) \*\*\*\* The level cannot be

indicated precisely \*\*\*\*Only this education programme refers to the Ministry of Labour, while the other levels of education programmes refer to the Ministry of Education. \*\*

Figure 1 shows that the adult education and training system consists of two main horizontal levels:

- 1. Basic Adult Education, which is a process of education leading to the same competences as the general vocational youth education, up to and including the level of vocational education and training. This is the equivalent of up to 12 years of education (lower half of the figure)
- 2. Further and Higher Education: Further Adult Education, Degree level and Master level, which are comparable with the general education system (short-, medium- and long-cycle higher education), but still different from it with respect to organisation and content. This is the equivalent to 13-17 years of education (upper half of the figure)

An important aim of the VEU reform was to strengthen basic skills such as the "three Rs" (reading, writing and arithmetic), which is why FVU (Preparatory Adult Education) was added to the system. The adult training system was further augmented by the introduction of a new type of course: Open Education outside the general system, which can be characterised as supplementary courses of education. The purpose of these courses is to promote transitions up to and between further and higher education (Undervisningsministeriet, 2003).

Each area in the tree main categories of the system for adult education and continuing vocational training will be describe in more detail below.

## 1.3 The adult education system

In this paragraph a more detailed explanation of the three different aspects of the "Adult Education and Continuing Vocational Training" system will be given, starting off with "Liberal Adult Education", followed by "General Adult Education" and ending with a paragraph on the area of "Adult Vocationally Oriented Education".

#### Liberal Adult Education

The VEU reform states that a characteristic feature of the education programmes within the adult education system is that the work and life experiences of the adults concerned play an important role in the organising process of education.

Liberal adult education started with the folk high school movement in the mid-19<sup>th</sup> century, which was based on ideas of "popular enlightenment". The concept encompasses teaching and educational methods that do not form part of the formal public education system. Within this category, there are three types of schools: Folk High Schools, Evening Schools and Day Folk High Schools.

Teaching at the folk high schools must be of a general educational nature and courses should not culminate in examinations. It is part of the concept that folk high schools should be residential for four to six months, and generally participants help out with the daily chores about the house. Folk high schools are independent schools (self-governing institutions). The schools receive a subsidy for each full-time participant.

During the 20<sup>th</sup> century, there were many independent additions to the adult learning supply as new needs emerged. One of them was evening schools, which had started already in the late 19<sup>th</sup> century especially to meet the needs of the urban population, who were usually unable to attend the residential folk high schools. The initiator was often the labour movement.

In the 1980s, day folk high schools were introduced. The target group was primarily persons with low levels of education, typically women, who had only weak connections to the labour market.

Today, offering qualifying courses has become part of the purpose of the day folk high schools with the aim of strengthening the participants' personal development and improving their opportunities in the education system and on the labour market. The schools offer a wide range of activities, often incorporating cultural, social, creative and aesthetic aspects. Teaching includes both general and vocationally oriented topics. At the moment, a number of these schools are in crisis due to decreasing participant numbers.

All schools in the category Liberal Adult Education are subsidised solely by the municipalities; in other words, the municipalities are free, within certain parameters, to decide on the overall financial allocation. It must, however, include support for adult education, activities for children and young people, and facilities for sports, youth associations and clubs. The fundamental principles of Liberal Adult Education are: free choice of subjects, universal access, own initiative and freedom to choose teachers (Undervisningsministeriet, 2000).

#### General Adult Education

Education programmes in this category, generally referred to as preparatory education, are open to all persons over the age of 18 who left school early and wish to improve their general skills. Teaching under these education programmes can be organised to fit into the everyday life of the participants, meaning that education can take place at the workplace, for example, or at the premises of professional organisations instead of educational institutions.

Preparatory education seeks to strengthen the adult's basic skills such as reading, spelling, writing, arithmetic and basic mathematical concepts. Each course can be divided into steps and target certain groups. At the end of each phase of the education, the participants can choose to sit a test. The institution must offer tests, but taking the test is voluntary for the participants, and irrespective of test participation, a certificate attesting participation will be issued. Participation in both the courses and the test is free (Undervisningsministeriet, 2000).

#### Adult Vocationally Oriented Education

This category can be divided into two levels: GVU (Basic Adult Education) and advanced education levels. GVU refers to education programmes that teach the same competences as ordinary youth education programmes, up to and including the level of vocational education. At this level, it is possible to supplement the former education and work experience of the individual participant with courses in order to achieve a skilled level. Adults who complete a GVU sit the same final examinations as young persons in youth education, but a GVU may be organised in a more flexible manner. Before starting a GVU, each participant will be subject

to a competency assessment, involving awarding credits based on previous courses and work experience. On the basis of these results the school draws up a personal education plan, indicating the gaps the individual needs to fill in order to acquire a full education. So the concrete content of the programme will depend on the practical work experience of the adult person as well as qualifications attained through participation in various courses (Undervisningsministeriet, 2000).

**Advanced education levels**, which are comparable with ordinary education levels, comprise three levels:

- The first is VVU (Further Adult Education including modules from semi-skilled labour market education (the former AMU system) as well as modules from the former apprenticeship-based skilled workers' continuing education.
- The second is degree-level education.
- The third is master-level education. Education programmes at this level are advanced in depth and in breadth. A condition for starting at this level of adult education is that the participants have a relevant educational background, and at least two years of relevant work experience.

As can be seen, these education programmes are to a high extent based on the life and work experience of the adult persons. The programmes at these levels are structured to make it possible for the participants to continue performing their daily work, implying that adult education at the advanced levels takes place mainly as leisure-time education, in other words, independent of employer acceptance and financing, and is therefore usually referred to as "Open Education" (Undervisningsministeriet, 2000).

Section 1.3 has provided an overview of the content of the three main categories in the Danish adult education and training system following the VEU reform. The following section will provide an overview of the distribution of responsibility within the system, aiming to explain the differences regarding the roles played by the actors involved in each of the educational fields.

## 1.4 The distribution of responsibility within the adult education system

In Denmark the public sector is the main provider of education and training for adults. A number of institutions offer a range of opportunities targeting individuals and enterprises. However, since the election in November 2001 and the subsequent change of government, there have been some modifications regarding the areas of responsibility: adult vocational training, which was formerly the remit of the Ministry of Labour, is now the responsibility of the Ministry of Education; universities with both bachelor and master degrees were transferred from the Ministry of Education to the Ministry of Science, Technology and Innovation (Undervisningsministeriet, 2000).

Private education and training institutions are also involved in adult education, and some enterprises also provide internal training. But these play only a marginal role in the Danish CVT system: as many as 94% of the students are taught by public providers.

Responsibility in connection with the operation and financing of the individual education institution is distributed between the state, regional (county) and local (municipal) authorities, and the social partners. The table below shows this division of responsibility.

Table 1: Division of responsibility between state, county and municipal authorities and the social partners in connection with various adult learning activities.

Educational activity	State	County authority	Municipal authority	Social Partners*
Preparatory Adult Education (FVU)		X		X
Basic Adult Education (GVU)	X			X
General Adult Education, basic level (AVU)		X		
Higher Preparatory Examination, upper secondary level (HF)		Х		
Adult Vocational Education and Training (short apprenticeship programmes)	Х			X
Adult Vocational Training (AMU)	X			X
Open Education (provision of vocationally oriented adult education and training, all levels from VET to university)	X			
Day Folk High Schools			X	
Folk High Schools	X			
Teaching Danish as a Second Language to adult foreigners and others			Х	
Special teaching for adults with disabilities		X		
University supplementary courses	Х			
Educational associations (evening schools)			X	

Source: Undervisningsministeriet, 2000 \*this column has been added by the authors

As Figure 1 and Table 1 indicate, the Danish education and training system for adults can be characterised as a differentiated system that accommodates quite well-defined profiles of content and specific flows of adult education focused on certain target groups and certain rationalities. But besides differences in relation to content, the different areas of adult education are also characterised by differences regarding the rights attached to and the possibilities of obtaining financial support for the various target groups participating in the system.

The following section will present an overview of funding possibilities for adults in the Danish adult education system.

## 1.5 Financing of the adult education system

Following the VEU reform in 2000, participants in continuing vocational training can receive funding from the public sector to cover their costs of living in two ways:

- 1. Continuing vocational and further education allowance (VEU allowance).
- 2. The state education grant for adults (SVU).

So participants can receive financial support for their education from one of the two funding systems. Which funding system applies depends on the level of education. The VEU allowance covers education at the level of basic adult education (GVU), while SVU covers education at both the level of basic adult education and the level of further and higher education. Table 2 below shows the type of funding available depending on the level of education, the type of allowance and the rate of support.

Table 2: Type of funding by level of education, type of allowance and rate of support

Level of education	Type of allowance	Rate of support
<ul> <li>Preparatory Adult Education (FVU)</li> <li>General Adult Education (AVU)</li> <li>Higher Preparatory Examination (HF)</li> <li>Funding is given to people with a brief education only</li> </ul>	The state education grant for adults (SVU)	Maximum rate of unemployment benefit for full-time education, provided s/he is:  • a full-time employee on leave from work, or  • unemployed with the right to 6 weeks' own-choice education and has full-time insurance
Continuing vocational training:	VEU allowance	It is possible to get up to the maximum rate of unemployment benefit for full-time education, provided s/he is:  • a full-time employee on leave from work, or • unemployed with the right to 6 weeks' own-choice education
Continuing vocational training at the level of further and higher education under Open Education:  • Modules and single courses • Special technical courses Further education under Open Education:  • Further Adult Education (VVU) • Diploma level • Master level	The state education grant for adults (SVU)	Maximum rate of unemployment benefit for education which is organised on full-time basis, provided s/he is:  • a full-time employee on leave from work, or • unemployed with the right to 6 weeks' own-choice education  No support is given for part-time education

Source: Undervisningsministeriet, 2000

As the table indicates, the allowance for vocational continuing and further education (VEU allowance) is intended to ensure that adults wishing to participate in continuing vocational training at the level of adult vocational education and training (VEUD) can receive financial support to do so.

The VEU allowance is given as a compensation for lost earnings or lost possibility of earning and can be given to people in employment, self-employed people (including co-working

spouses) and unemployed persons with a right to six weeks' education of their own choice. The starting rate of the VEU allowance is identical with the highest rate of unemployment benefit, but it can be given for both full-time and part-time education and is calculated according to the number of hours in education. If there is some arrangement with the employer regarding pay during participation in education, the employer can claim the allowance as a reimbursement (Undervisningsministeriet, 2000).

The VEU allowance can be given to people aged over 25 without any limits on duration. People aged between 20 and 25 also have a possibility to receive the allowance, but only for an aggregated maximum of 30 weeks until they turn 25. Only persons who are members of an unemployment insurance fund are eligible for the VEU allowance. For uninsured persons, the financial subsidy is handled by the public employment service (Undervisningsministeriet, 2000).

Regarding the other possibilities of funding, the SVU is provided with a view to ensuring that adults participating in education at the primary and lower-secondary levels, in general and vocational upper-secondary education and in further and higher education can be granted financial support for these educational purposes. Like the VEU allowance, SVU is given as a compensation for lost earnings or lost possibility of earning and can be granted to employed persons, self-employed persons (including co-working spouses) and unemployed with the right to six weeks of education of their own choice. People in employment do not have to be insured against unemployment to qualify for SVU, but they do have to reach agreement with their employer regarding time off for studying or training in order to be eligible for SVU. It is not possible to receive SVU alongside other similar social benefits (Undervisningsministeriet, 2000).

The maximum SVU is equivalent to the highest rate of unemployment benefit and is given to people between the ages of 25 and 60. The 20 to 24-year-olds can, however, be granted SVU for FVU (Preparatory Adult Education). If the workplace pays wages during education, the funding can be paid out to the workplace, and the same goes for reimbursement of any user fee. SVU is calculated according to the number of working hours reduced for educational purposes, or the lost possibility of working.

#### SVU is divided into two categories:

1. SVU for participating in education below the level of vocational education and training, that is, financial support for participation in FVU, AVU and education at the level of general and vocational upper-secondary education. Persons who have received only a brief education and have been employed with the same employer for at least six months qualify for SVU for courses at these levels for up to 80 weeks; for FVU, however, for the limit is 18 weeks in full-time terms. A brief education is defined as 1) attending school for a maximum of 7-8 years, plus vocational education irrespective of duration, or 2) attending school for 9-10 years plus a maximum of two years' vocational training, or 3) holding an outdated education. Furthermore, SVU in this category can be given for the above-mentioned education schemes whether they are organised as full-time or part-time courses. For part-time education the weekly education time and the reduction of working time must amount to at least six hours.

For part-time education the financial support is also proportionally reduced (Undervisningsministeriet, 2000).

2. SVU for participating in education above the level of vocational education and training, which includes financial support for participation in further adult education under the system of Open Education. This means that persons employed within the last 5 years for the equivalent of 3 years' full-time employment (the equivalent of 2 years' total employment for part-time employees) can receive SVU for education at these levels for up to 52 weeks within a period of 5 years (Undervisningsministeriet, 2000).

In Denmark it has always been seen as a public task to fully or partly finance not only initial education but also continuing and further training and education, as well as liberal adult education. There seems to be a political consensus that this will continue to be the case in the future, too, though with some changes regarding the distribution of responsibility. The financing of adult learning can be divided into three categories, as will be outlined below.

#### Full public financing of operating expenses

In 2000, a financial reform was introduced under the VEU reform, taking effect from 1 January 2001. This reform rendered the social partners to a large extent co-responsible for the allocation of funds through their membership on the board of a new body – the Labour Market Institution for Financing of Education and Training (*Arbejdsmarkedets Uddannelses Finansiering*, AUF). Through their membership, the social partners were given the possibility of making recommendations to the Minister of Labour and the Minister of Education on a wide range of issues related to adult education and training up to and including the level of VET and adult vocational training (AMU) (Undervisningsministeriet, 2000).

One of the main tasks of the AUF board is to make recommendations to the ministers concerning the overall need for education and training and the expenditure entailed in the field of adult vocational training (AMU). The state imposed a ceiling of DKK 3,140 million (approx. €420 million) on its contributions to the supply of courses and the VEU allowance. To top up this basic state contribution, the AUF board was given the power to recommend that enterprises – to a greater extent than before – will have to finance education and training activities that are strictly oriented towards meeting the specific needs of a single enterprise, and that contributions from employers are to be imposed for co-funding adult learning activities within a certain field and at a certain level. The board may also recommend that an employer be obliged to co-finance adult education and continuing training measures (Undervisningsministeriet, 2000). The AUF board can thus recommend that enterprises must contribute towards the financing of courses teaching recognised skills. In short, this means that the state will not fully finance operative costs and/or financial support for persons attending relevant educational courses. With the VEU reform, it has thus become possible to make it the responsibility of the single enterprise and/or employee to co-finance CVT when an employee attends a course.

Educational courses under AUF are classified in one of two sections called Frame I and Frame II. Placement in either Frame I or Frame II is decisive for financing, that is, whether

the state will fully or only partly finance the operating expenses of the course and the allowances. Courses under Frame I will receive full grants without any user fees. Such courses include, for instance, single courses from VEUD and AMU leading to certificated skills. The aim of this initiative was to reduce public financing of the more enterprise-specific courses (Undervisningsministeriet, 2000).

#### Co-financing through compulsory employers' contributions

This category relates to courses classified under Frame II, which concerns the more enterprise-specific courses provided by the public training institutions. As part of an effort to promote higher efficiency in these CVT courses, the AUF board was given the power to recommend to the Minister of Labour that there ought to be a reduction in the financing of operating expenses and/or a reduced allowance, which means that the individual employer will have to bear a somewhat larger share of the costs. If the accumulated need for CVT under Frame I as well as Frame II exceeds the yearly funds earmarked by the state, the board of the AUF can recommend that the legislators impose a compulsory employers' contribution to cofinance the combined activities in CVT under the AUF. In such a situation there will also be indirect employer co-financing of the educational activities classified under Frame I (Undervisningsministeriet, 2000). However, it is important to note that in real life this mechanism has had no effect as yet. The social partners have not been able to agree on suggesting such a recommendation to the Danish parliament.

#### Co-financing through user fees

For continuing vocational education at further and higher levels, financing functions according to the rules of Open Education, that is, the government provides a "taximeter" subsidy supposed to be supplemented by user fees.

Under the taximeter system, education and training providers receive a per-capita grant from the state for each enrolment (full-time equivalent) per year. The amount paid to an institution varies according to the type of course in which a person is enrolled. Every year the taximeter rates are set in the budget adopted by Parliament, based on estimated costs per student who completes each of several courses. Self-governing institutions (e.g., higher education institutions) also have a taximeter rate based on infrastructure requirements. For regional education programmes, the county council decides annually on taximeter rates (Undervisningsministeriet, 2000).

The taximeter scheme of financing is intended to act as an incentive to increase the quality and efficiency of provision. First, it puts educational institutions under competitive pressure to improve quality and, second, it puts institutions under pressure to find more efficient methods of providing their various education and training activities. The taximeter scheme is also used as a tool to influence the mix of education and training schemes by providing higher payments in subject areas where there is a desire to increase places or by reducing payments in areas of oversupply.

User fees can be set flexibly – taking into account the standard and appropriate means of planning for each supply – to accommodate the differentiated needs of different target groups.

For some courses at Degree or Master Level there may be a considerable share of user payment (Undervisningsministeriet, 2000).

## 1.6 Level of activities in the adult education system

As can be seen in Table 3 below, there were less than 95,000 year students<sup>2</sup> in 2002 in publicly financed CVT, and the overall trend in recent years has been a decline in CVT activities. Besides the above mentioned CVT educational offers, there are also a number of municipally financed courses at evening schools, comprising about 30,000 year students. In 2002 this amounted to a total of approx. 124,000 year students in publicly financed adult education (Undervisningsministeriet, 2003).

Table 3: Year Students 1993-2002

Education										
Year	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
<b>Liberal Adult Education</b>										•
Day Folk High Schools 1)	5600	7300	9575	10281	12687	13545	9456	7840	7597	5540
Folk High Schools (short courses) 2)	1771	1729	1595	1522	1330	1326	1261	1278	1326	1322
Folk High Schools (long courses) 3)	5598	6049	5983	5515	4742	4319	4123	4136	3801	3812
Total	12969	15078	17153	17318	18759	19190	14840	13254	12724	10674
General Adult Education										
Special Education for Adults 4)			1153	1182	1197	1738	1282	1282	1282	1282
Danish as a Second Language	11890	12996	13647	16214	16141	16464	17223	19225	19641	20429
Reading courses for adult 5)				292	460	511	431	453	168	
Preparatory Adult Education (FVU)									684	777
General Adult Education (AVU) 6)	13652	14006	14745	15595	14256	14570	15920	16254	12984	12984
Higher Preparatory Examination										
(HF) 7)	12739	12034	13553	13996	13154	13915	14446	14185	13180	13180
Total	38281	39036	43098	47279	45208	47198	49302	51399	47939	48652
Adult Vocationally Oriented Education										
Continuing Vocational Training										
(AMU)	11300	11700	11500	11620	13940	17425	13660	8360	8897	8226
Open Education (Vocational										
training)	13346	12994	16232	17438	17262	27819	17617	11220	12434	11222
Adult Education and Training										
(VEUD)			1420	760	1144	1928	2579	2492	2240	1957
Open Education (Further Education)										
8)	10479	11214	13727	14781	16081	13990	14183	14430	14432	12993
Total	35125	35908	42879	44599	48427	61162	48039	36502	38003	34398
	<u> </u>	<u> </u>		•		•	•	•		
Total	86375	90022	103130	109196	112394	127550	112181	101155	98666	93724

Source: Undervisningsministeriet, 2003

1) The figure from 2002 only describes the activities until 1 July 2002; 2) Max. duration 12 weeks; 3) Min. duration 12 weeks; 4) From 2000 the figures are estimations; 5) From 2001 and onwards these courses became part of FVU; 6) The figure for 2002 is an estimation; 7) The figure for 2002 is an estimation; 8) This includes short-, medium- and long-cycle courses outside the general school system.

<sup>&</sup>lt;sup>2</sup> As a rule, a year student is equivalent to 925 education hours; thus, the number of year students is found by dividing the number of course hours by 925. For education in Danish for adult foreigners the full-year equivalent is, however, defined as 756 hours a year, and for reading courses for adults 700 hours a year (825 hours for FVU) (Undervisningsministeriet, 2003).

As mentioned earlier, there are also some private training institutions involved in adult training, while some enterprises provide internal training as well. But these play a marginal role in the Danish CVT system, where 94% of the students are taught by public providers.

## 1.7 Summing up

This section has presented an overview of the adult education system, describing the formal structure of existing programmes. In addition, the reasoning and the interests of the social actors in the development of the system and its modes of functioning have been outlined. Hopefully, this will contribute towards an understanding of why the extent and content of the VEU reform has been a matter of dispute, depending on the social and political positions of the actors involved. One of the arguments is that the latest VEU reform has introduced a new model of financing that seems very dependent on parliamentary support and thus is vulnerable to changes in political alliances. In addition, the reform introduced a ceiling restricting the state contribution to a certain maximum amount. The implication of this is that if further CVT activities are in demand, the social partners would be made responsible for raising the financing. Furthermore, it signals diminished state responsibility for CVT activities and a move towards more market-oriented/demand-led CVT. On the other hand, the reform could be said to be promoting support for the need for identification of skill needs at the micro level of individuals and single enterprises. Until now the focus has been on the historical development and present state of the Danish education system. The next section will give a brief presentation of the latest measures and policy developments in this area.

# 2 The future of the Danish Continuing Vocational Training (CVT) system

After the VEU reform in 2001, further steps have been taken to reform the Danish CVT system. Actually, it could be argued that since the mid-1990s, changes or reforms of the system have been the norm rather than the exception. These changes have had different characteristics and have been introduced in different ways – some were made administratively, others by law-preparing committees. In the following section, four major and decisive initiatives will be discussed.

## 2.1 "The big package deal"

For several years, employers have been responsible for the financing of wages for apprentices during their periodical attendances at technical and commercial colleges. This responsibility was organised in a collective way by employers paying money into a central reimbursement fund (*Arbejdsgivernes Elevrefusionsfond*). The employers paid a certain amount of money per working hour of their apprentices. The fund was run by a board seating representatives of the social partners.

The money needed from employers to pay wages for apprentices during their periods of theoretical training has been rising steeply since 1992 when a new law made it possible to guarantee to young beginners of a VET programme that they could finish their education even when there were not sufficient training places in firms. In case of failure to secure an apprenticeship, the technical or commercial colleges were obliged to provide the practical training elements of the programme.

In 2004, a deal was made between the government and the social partners. The government and the employers were getting increasingly dissatisfied with the growing burden of funding wages for the college-based apprentices. The government wanted to retrench the number of college-based apprenticeship places in general, but it made the social partners an offer: the state would take on full responsibility for the funding of wages during the college-based practical training, but at the same time the state would withdraw part of its financing of the VEU allowance for VEU participants. The social partners accepted the deal, which meant that the employers' contributions to the reimbursement fund would continue as before, but the money was now to be used to finance the VEU allowance for adults during their training courses (AMU).

## 2.2 The new Arbeids Markeds Uddannelse (AMU) concept

One of the intentions of the VEU reform in 2001 was to strengthen the demand management of the adult vocational education and training system (AVET system). It could be argued that in some ways there already was a kind of demand-side management, but that it was carried out by the social partners in the trade-based AVET committees at the national level. These committees were obliged to estimate which needs enterprises had as to the qualifications of their workforce, and they were also responsible for planning new courses taking consideration

of improved mobility from an industry and sector-development perspective. This is a classic example of welfare-state corporatism.

The new kind of demand management, however, introduced a model whereby the schools achieved much more autonomy and increased market orientation in the planning of courses. Under the "New AMU Concept", courses at the central level, that is, in the national AVET committees, were to be described in a much more open way by making "common skill descriptions" (Fælles Kompetence Beskrivelser - FKBs, comparable to NVQs in England and Scotland) in order to facilitate the use of "enterprise needs" as the foundation for descriptions of course contents. The intention was, of course, to render the supply more specifically directed towards the needs of enterprises. But there were also other central goals involved in the reform process, such as making the AMU courses much more attractive for small and medium-sized enterprises, especially.

An analysis of the implementation of this new concept has already demonstrated several difficulties in achieving these ambitious goals. The enterprises have not yet become better at defining what their real needs will be. This is a vital condition for genuine demand management on a solid basis. In addition, the supply side is experiencing internal problems with how to apply the new principles. There is no longer a detailed manual supplied by the central authorities to the providers; instead, they are left to carry out the analyses of the needs of end users themselves and to operationalise these needs into specific courses. How successful this approach is depends on the analytical tradition and capacity of the staff at the colleges and on strong administrative procedures for marketing, development activities and logistics in systems that are much more fluid, where fixed standards are changed in favour of more flexible services towards enterprises. The successful implementation of this more extensive local responsibility of course also depends on a capable and flexible management team at the colleges.

Parallel to this marketisation of the AMU system, a reform of labour market policy introduced in 2002 led to a massive downgrading of education and training as a tool for activating unemployed persons.

## 2.3 The tripartite law-preparing committee on VEU

In 2004, the government set up a tripartite committee to analyse the Danish VEU situation with a view to designing new VEU models. One of the committee's main tasks is to come up with models that can inspire small and medium-sized enterprises to train their employees. Another – which is probably the most important – is to suggest models for financing VEU in such a way that the social partners or individual employers and employees finance a larger proportion of the costs of training. Thirdly, the committee has been asked to carry out analyses to find out which problems of motivation and other barriers might prevent individuals, especially people with brief educations, from joining AVET activities.

The name of the committee indicates the structure of its membership. In the traditional corporatist manner, the employers' associations and the unions have the same number of members. The third party is made up of civil servants from relevant parts of the public administration. Following the tradition of New Public Management steering principles, the

Ministry of Finance chairs the committee. In addition, there are civil servants from the Ministry of Education, the Ministry of Employment and the Ministry of Social Affairs.

The committee is to finish its investigations and present its policy recommendations at the beginning of 2006. It is too early to make any valid predictions about results and proposals, but seems is clear that successful completion of the committee's work will involve finding new ways of co-funding from the social partners. Today most companies are covered by agreements that give their employees certain rights to training and education every year, and they also set aside some marginal sums of money for development purposes and training arrangements. One solution under consideration is to build substantial contributions for core training purposes (financing courses and allowances) into the collective agreements between the social partners. In the late 1980s, the social partners managed to make a similar bargaining breakthrough when they made a number of historic deals, building up pension funds by putting a certain percentage of wages into these funds, which were managed by the social partners themselves. A qualified guess is that the government hopes to convince the social partners to use this same funding idea, but now for training purposes.

Up until the start of the discussions in the tripartite committee, the unions had a very negative attitude towards making this parallel between the situation with the pensions and funding for training purposes. There are, however, some indications of movement in the position of the unions. In particular, the unions that organise unskilled workers have adopted a more positive attitude towards the ideas. They seem to think that the ever-present threats from globalisation are putting their members in a more marginalised position on the labour market, and therefore they may be reviewing their position. At the same time, there is next to no interest in such proposals from the unions representing the well-educated people on the labour market. These unions' members are in a situation similar to the management in the enterprises. Their core position clearly gives them certain privileges, such as access to sponsored further or other education. In a sense, it would seem that we are witnessing a challenge to the internal solidarity between different groups of wage earners.

## 2.4 The globalisation council

Just after the general election in Denmark in February 2005, the new – re-elected – centre-right government set up a new council on the globalising economy and charged it with the task of considering what needs to be done to strengthen Denmark's ability to compete in the global economy. The concrete background for setting up this council was widespread debate during the election campaign, sparked by the outsourcing of a number of Danish industrial enterprises and a loss of jobs.

The members of this council are fairly untraditional for Danish policy institutions. A variety of actors from different backgrounds have been appointed. The social partners are well represented, as is the top of the government at the level of ministers. There are just a few experts selected by the government, while the fourth group comprises top managers from large private companies.

The council has turned out to be the de facto most important policy body for discussing reforms of the Danish welfare state in general. Among the many topics on the agenda, the education system is the main priority. So far the council has agreed that the development of

human capital, along with focusing on innovation and entrepreneurship, is fundamental to the future of the Danish economy. One by one, the council is now discussing the different levels in the education system. Among other things, they have approved some proposals to reform the VET system. These educational considerations are deliberated under the headline of Lifelong Learning. A reduction in the length of courses leading to qualification as a skilled worker is coordinated with improvements in the possibilities offered by AVET. As for the area of AVET as such, the council is waiting for the results of the work of the tripartite committee described above. It is still too early to judge the outcome of these efforts, but there seems little doubt that there will be new legislative initiatives in the AVET area in the near future. More private financing and more demand orientation in the public supply of courses seem to be the most likely changes.

Finally, it should be added that a reform of the structure of Danish municipalities to take full effect in 2007 will cancel the responsibility of the counties for providing education; this responsibility will be taken over by the state. It is too early to assess the consequences for the supply, in terms of either quantity or quality.

As illustrated above, the market orientation of the VEU system is becoming more apparent. Because of the latest policy developments, the interest of the individual enterprises is becoming more important in determining the supply of VEU activities. At the same time, the state is withdrawing from financial responsibility, leaving it to the social partners to finance CVT activities. In addition to these developments, the use of CVT as an instrument for active labour market policy is on the decline.

#### **PART TWO**

# 3 The role of skill needs analysis and the determinants of enterprise-sponsored training in Denmark

The purpose of this section is to describe how and to what extent qualification needs are analysed as a background for education and training operations in enterprises. The a is to discover whether the educational activities are founded on rationalistic considerations of what the real needs for skills are, and thus to what extent the demand for public or private training courses is founded on solid evaluations of skills needs. Furthermore this section investigates enterprises' reasons for and barriers to planning and carrying out CVT activities for their employees.

## 3.1 How widespread is the use of professional educational planning in enterprises?

In the following, the extent to which enterprises use educational planning will be ascertained as an indicator of the professionalisation of human resource planning and, conversely, it will be asked whether non-planning enterprises can be characterised as unprofessional. The data used for the investigation consists of results from a recently conducted survey among managers responsible for personnel affairs (Lassen, Plougmann et al., 2005).

The survey shows that about one in five enterprises can be described as professionalised, because they have a specific department dealing with personnel functions. Also there is considerable differentiation between enterprises, as can be seen in Table 4 below.

**Table 4: Institutionalisation of CVT work in the individual enterprise (percent)** 

Numbers of employees	1-9	10-49	50-199	200 +	all
Does the enterprise have a personnel or education	N=377	N=647	N=684	N=276	N=2011
department that participates in the planning of					
CVT for the employees?					
Yes	10	32	51	86	20
No	90	68	49	14	80

Source: Lassen, Plougmann et al., 2005; the percentages presented are weighted and the numbers (N) are unweighted.

Not surprisingly, the large enterprises are more likely to have personnel departments. Among firms with more than 199 employees, 86% have a personnel department, compared with just 10% of firms with 1-9 employees.

In Table 5 the picture of professionalisation of personnel functions in the enterprise looks even clearer when the firms are questioned about their practices concerning systematic evaluation of the skill needs of their employees. As many as 55% say that they carry out evaluations. Taking into account that these firms tend to be the biggest employers, it seems clear that the majority of Danish employees' needs for CVT are being systematically evaluated.

Table 5: Systematic evaluation of CVT needs in the enterprise (percent)

Numbers of employees	1-9	10-49	50-199	200 +	all
Does the enterprise conduct systematic	N=381	N=651	N=685	N=276	N=2021
evaluations of the employees' needs for CVT?					
Yes, always	12	23	38	52	17
To some extent, yes	35	43	48	33	38
No	53	34	15	15	45

Source: Lassen, Plougmann et al., 2005; the percentages presented are weighted and the numbers (N) are unweighted.

Table 5 shows that, to some extent, decisions on CVT needs are made without any kind of institutionalisation. This leads to the conclusion that in these enterprises, evaluation of CVT needs must be an integral part of the human resource work that takes place in the course of the everyday life in the firm. On the other hand, institutionalised evaluation of CVT needs does not necessarily imply that an enterprise is very thorough in its evaluations.

## 3.2 Methods of describing skill needs and choice of courses

This section looks into the ways in which enterprises systematically evaluate the CVT needs of their employees. The results from Lassen, Plougmann et al. (2005) show that there is considerable diversity across enterprises with respect to how deeply involved they are in the matter of evaluation. A good indicator of this is whether or not training plans for individual employees are drawn up with reference to the enterprise's strategic development plans. Table 6 shows that of the enterprises with 1-9 employees, approx. 10% state that "Future CVT needs are derived from the strategy plan of the enterprise". Furthermore, it can be seen in Table 6 that the proportion of enterprises stating this to be the case rises with the numbers of employees. Some 30-40% of enterprises with more than 199 employees state that their strategic plan is the foundation of future CVT needs.

In addition, Table 6 indicates a clear differentiation between different groups of employees when enterprises are determining future CVT needs. The needs of unskilled workers are considered as a part of the strategic plans to a lesser extent than those of the better educated groups of employees. This indicates that the most serious planning is made for employees when functional flexibility is at stake, and less serious planning activity is adopted for employees when the management strategy is based on numerical flexibility. Most attention is paid to the core group of employees, and less to the groups on the periphery of the enterprise.

Table 6: Methods for systematic evaluation of employees' needs for CVT (percent)

	Future CVT needs are derived from the strategic plan of the enterprise						
Number of employees:	1-9	10-49	50-199	200 +			
Type of employees:							
Unskilled workers	10	19	24	29			
Skilled workers	13	32	36	30			
Employees with further education	7	24	34	40			
Management	13	30	40	43			

Source: Lassen, Plougmann et al., 2005; the percentages presented are weighted and the numbers (N) are unweighted.

 $N_{-}(1-9) = 160, N_{-}(10-49) = 400, N_{-}(50-199) = 563, N_{-}(200 +) = 223$ 

In the following, the focus will be on providing a more thorough description of the personnel practices of enterprises. This will be done by analysing concrete choices of methods for evaluation of CVT needs.

A widespread method is the "top-down model". As can be seen in Table 6, there is substantial use of rationalistic models. This method is often called the GAP method. The technique is to locate the qualification needs by investigating the work, summed up both at the organisational and single job level. Through the study of the work in the enterprise, knowledge about both present and lacking qualifications is acquired. Then, by making a simple subtraction, it is possible to identify the gap between qualifications present and qualifications needed, both for the organisation as a whole and for the single employee.

Of course the practices need to be examined in more detail – by asking more questions about them. An obvious question is the time horizon as an indicator for insisting on a longer-term perspective. More than two-thirds of the enterprises state that they do educational planning for their employees with a time perspective longer than six months. For 34% of the unskilled workers, the time perspective is shorter than six months, while this is the case for only 20% of the other employees.

An interesting fact is that the most innovative enterprises with respect to technical and organisational changes are the firms with the most careful and well-founded plans for educating their staff (Nielsen, 1999).

Looking at the content of this top-down approach, it becomes clear that it is strongly dependent on the position of the employees in the enterprise. The need for technical upgrading is strongest among unskilled workers (75%), weaker for employees with further education (47%) and weaker again for supervisors and management (33%). This reveals a tendency that planning and decision-making functions in enterprises tend to be reserved primarily for the skilled workers and more highly educated employees, with the unskilled workers performing the more simple productive functions.

Another model in use is the "bottom-up model". This refers to a model that resembles the top-down model when it comes to describing the qualification needs from the enterprise's point of view, sometimes also with clear reference to its business strategy. But the model differs from the top-down model in that it explicitly takes into account the needs described and expressed by the employees. So when the analyses of the enterprise's CVT needs eventually end up as

specific proposals for courses, it is the privilege of the employees to choose which of the courses offered suits their concrete need for qualifications the best. The basic philosophy behind this model is that recognition of qualification needs expressed by employees can be interpreted as a potential for future development, new products or new market possibilities

Table 7 shows that a large share of the enterprises engage in dialogues with their employees as an instrument to identify present and future qualification needs.

Table 7: Methods for systematic evaluation of employees' needs for CVT (percent)

	Involvement of the employees' own wishes regarding CVT Hearing of the education/works committee or shop stewards							
Number of employees:	1-9	10-49	50-	200 +	1-9	10-49	50-	200 +
Type of employees:			199				199	
Unskilled workers	19	42	42	47	1	5	13	13
Skilled workers	37	56	53	47	1	7	16	9
Employees with further education	13	38	52	43	0	2	9	4
Management	13	45	52	43	1	7	8	3

Source: Lassen, Plougmann et al., 2005; the percentages presented are weighted and the numbers (N) are unweighted.

 $N_{-}(1-9) = 160, N_{-}(10-49) = 400, N_{-}(50-199) = 563, N_{-}(200 +) = 223$ 

At the same time it is obvious, as can be seen in table 7, that the shop stewards only play a minor role in this process.

Traditionally, the shop stewards tend to prioritise other topics such as securing wages and other rights. Also, research shows that, in general, working conditions for shop stewards are difficult because many employers do not attach much importance to a cooperative strategy on training matters at the workplace level (Lassen et al., 2003; Sommer, 1999).

Enterprises that choose a more employee-oriented model may do so for a number of reasons. They may be interested in securing good and peaceful industrial relations and in developing deliberative cultures at the workplace between the management and the staff. Another reason could be to build up a surplus of qualifications among their employees, aimed at preparing the enterprise for changes, foreseen as well as unforeseen, in the market situation. Thirdly, such a policy could also help make the enterprise seem more attractive as a workplace, thus securing better conditions for recruiting new employees with qualifications of value for the enterprise, or for retaining the staff it already employs.

Finally, some enterprises are deeply dependent on what their employees define and formulate as their qualification needs. In some knowledge-intensive or handicraft enterprises, it is essential to pay attention to needs articulated by the employees. They are the experts on these needs, which neither management practices nor professional analyses will be able to reveal. In the most extreme scenario, it could be claimed that some of these enterprises draw up their business strategy on the basis of the level and type of qualifications possessed by their employees, and of what these employees consider necessary for further qualification.

A third model for summing up skill needs in the enterprise is what can be called an individualisation model. What this refers to is a practice many enterprises have of giving their employees qualifications without any plan at the organisational level. The practice is determined by the employees themselves, often by attending educational activities outside their working hours, occasionally financed partly or wholly by the employees themselves. Such activities are supported by many enterprises because this kind of skill-building is an advantage for the enterprise in that it means that the employees develop a more open mind and better skills in general. This kind of CVT practice is pursued, even though there is the risk that other enterprises might poach the thus better-skilled employees.

Summing up this analysis of how Danish enterprises reveal CVT needs, one conclusion must be that the pattern is highly differentiated. The number of employees in the enterprise is an important factor, the type of employee is important, and some deeper characteristics of the enterprises are important factors as well. But even under similar conditions, important differences have been found, indicating that any idea of a uniform situation ought to be rejected. Despite the relatively good conditions for public, subsidised education and training in Denmark, we found unmet needs on a large scale. To explain this discrepancy and lack of performance, we will present the concept of "different modes of personnel policy regimes".

## 3.3 The returns on investment in adult vocational education and training: neither necessary, nor sufficient as an explanation

It is important to underline that the rationalities for enterprises to undertake VET activities are manifold.

The most decisive factor is probably the market situation in which an enterprise finds itself. Operating in a market on commercial terms and under certain political-administrative framework conditions set by the public sector will always be a complex matter. Many parameters are involved that influence and co-determine the behaviour of enterprises in relation to VET activities. Each of these parameters has to be considered as embedded in the holistic situation of the enterprise.

Traditionally, enterprise behaviour in relation to investment in education/VET activities has been analysed by applying Becker's (1964) classical distinction between general and specific qualifications, according to which enterprises will only be likely to invest in specific qualifications. If an enterprise invests in general qualifications, it runs the risk that other enterprises will harvest the advantages of the improvement in productivity resulting from the expenditure on general qualifications, often referred to as the risk of "poaching" by "free-riding" enterprises. This logic would then lead towards a suboptimal investment in education; seen from a societal point of view, to a tendency towards underinvestment (OECD, 2005).

But lots of empirical evidence runs contrary to the ideal-type argumentation in Becker (1964). Enterprises do invest in general education – and profit from it. Most of these deviances have been explained by the absence of the ideal-type perfectly functioning market, with full transparency, full mobility of the workforce and increases in wages/income as the driving motivator – the "Economic Man" presumption – while neglecting transaction costs. When incorporating these imperfections, many economists consider that the neoclassical logic is still defensible – or, in other words, that the exceptions prove the rule (Acemoglu & Pischke, 1999a, 1999b, Loewenstein & Spletzer, 1999).

A crucial point is whether wage differences do in fact mirror differences in labour productivity as paradigmatically presumed by neoclassical marginal-value theory. The OECD (2005, p. 93) finds evidence raising doubts about this cornerstone of economic theory: "Therefore, **if wages are indeed a proxy for worker productivity**, the question arises as to why the less-skilled are under-represented to such a degree in firms' continuing training provision".

But the neoclassical presumption that wages can be used as a proxy for productivity has not only been questioned in the above argument from OECD. It has also been doubted by empirical evidence, indicating that employers receive a larger share of the returns on investment in continuing vocational training: "On-the-job-training has proved to have a stronger influence on productivity growth than on wage growth" (Barron et. al., 1999; Bishop 1994).

Several enterprise surveys have shown that calculations of returns on human capital investments are seldom made in advance, and that enterprises do not consider such spending on continuing vocational training as an investment, but as current expenses, as more or less complementary and necessary costs to exploit investments in new technologies or of organisational restructuring (Dougherty, 1992; Ichniowski et .al., 1995).

Furthermore, many different attempts have been made to find methods to measure "productivity increase". Barrett et al. (1998) have in their literature study identified and characterised several different approaches to this problem, thereby supporting the assumption that enterprises will not be able to make strictly economic cost–benefit analyses of CVT expenditure.

Finally, evaluation of training outcomes might be measured in four different steps (reactions, learning, behaviour and results), as described by Kirkpatrick (1959, 1994).

Barrett & O'Connell (1998) found, on the basis of an Irish panel study, that investment in general VET increases productivity far more than does investment in specific training. But, as in several of the studies applying statistical correlations as the core of their hard evidence, the tricky question is the direction of causality: what is cause and what is effect?

A possible explanation for the outcome of this Irish study could be that the causality chain runs the other way around – that it is enterprises already at a (societal) above-average productivity level that can afford educational expenses; enterprises that have achieved a technological level where general qualifications do indeed increase functional flexibility, whereas enterprises at a lower technological level are more dependent on training for low-level skills of an enterprise-specific nature. By introducing this argument it will not be necessary to resort to market imperfections caused by reduced mobility among the employees as an explanation. A more likely explanation would be that the more advanced enterprises would be able to pay higher wages anyway and would not fall victim to "poaching" as the more general qualifications are not in demand among the more backward enterprises. To the advanced enterprises, higher general qualifications are in demand as appropriate means to promote functional flexibility and restructuring needs, whereas those on lower technological levels require routine skills that can be acquired by imitation and sensomotoric training. For

the latter type of enterprises, more general qualifications are of little value and could indeed be more harmful than useful. This type of reasoning is supported by Black & Lynch (1997), Groot et. al. (1994) and Lynch & Black (1995).

This argument illustrates the need to differentiate between several types of skills and their transferability in relation to technical and organisational peculiarities on the demand side.

Even when sticking to a "pure" economic logic, a third intermediary category of qualifications – besides "general" and "specific" – needs to be introduced, namely sector-and/or trade-specific qualifications/skills, relevant to certain segments of enterprises. This would correspond to the European version of theories of segmented labour markets (Sengenberger, 1978) and would introduce actors on a meso level, trade unions and employers' organisations, chambers of commerce, etc.

In our view, this would represent a solution to many of the problems following the dualism implied in considering individuals and single enterprises, on the one hand (the micro level), and the state/public sector, on the other (the macro level), as the only actors. Some first attempts to include these meso-level, sector- and/or trade-specific qualifications/skills in a Danish context can be found in Sørensen & Jensen (1988) and in Sørensen (1990).

Instead of just identifying the reasons for these problems and paradoxes – when empirical evidence runs contrary to outcomes predicted by neoclassical human capital-theory – in market imperfections, the introduction of the above-mentioned third level allows us to establish a more refined actor theory concerning the distribution of responsibility, financing and returns of vocational education and training, but one still in accordance with economic modes of thought (Beicht et al., 1995; von Bardeleben et al., 1996; Barret et al., 1998) – a theory that permits a multi-level cost—benefit analysis.

Furthermore, to produce a consistent theoretical understanding of VET politics, it is – in our opinion – necessary to integrate insights from other social sciences, from industrial sociology, industrial relations theory, organisation theory, political sociology, learning theory, etc.

A point of departure for understanding dispositions of VET behaviour is that initiatives are often created as a response to external pressures for change. Such pressures could stem from technological innovation, from changes in consumer preferences and demands, or from changes in a number of other economic parameters.

In the following section, the focus will be on the consequences of changes in the labour market. Obviously, development of new services and products and methods of producing them are important factors leading to a need for changing qualifications among employees.

However, in many situations a more decisive factor is how the enterprise is related to the open labour market. If enterprises have problems recruiting new, qualified employees, or if enterprises are threatened by poaching from other enterprises, these determinants will be decisive for the way in which the enterprise reacts. The main alternatives are either to train their own employees or to put pressure on the VET providers to increase the supply of persons with qualifications corresponding to the skill demands in the enterprises.

Therefore decisions on CVT policy in an enterprise will depend not only on the present and potential qualifications of its own staff; in other words, the top-down model for educational planning is a special case only. Under most circumstances the external labour market represents both an opportunity and a risk for the enterprise when it comes to obtaining a satisfactory pattern of recruitment, retainment, development and outflow – in short, establishing an "extended reproduction" of the qualifications structure of the entire staff. The concept of "different modes of personnel policy regimes" refers to the different strategies applied by an enterprise in order to obtain a coherent pattern that leads to the desired reproduction of its qualifications structure.

## 3.4 Vocational Education and Training (VET) activities are an integral part of personnel policy strategies

Basically, adult education in general and continuing vocational training in particular activity is embedded in a context of vested interests from several angles. The investment perspective is, needless to say, important, but it is only one of several factors influencing decisions on CVT activities in enterprises, that is, at the micro level. But, as already mentioned, VET is also an important instrument for promoting a flexible, dynamic labour market by establishing mobility capabilities between sector-related segments of the labour force, that is, at a meso level. Finally, at the macro, societal level, there is widespread consensus in Denmark that VET is an important tool for sustaining economic growth. But who are to be the primary investors, and who should be given the responsibility for maintaining and enhancing human capital?

A spontaneous answer to this question is that this responsibility must rest with enterprises. Of course, it is a relevant answer, but the enterprises should not be the sole bearers of responsibility if the intention is to achieve external effects at the meso and macro levels of VET activities. According to the theory of the (unrealistic) conditions of a perfect market, enterprises only want to invest in specific qualifications — in our view an unfortunate simplification of the various relevant types of qualifications and the way they are brought into existence.

A new category is needed to understand the full range of needs for qualifications, which can also be defined from the perspective of labour market segments. With the help of a category of sector- and/or trade-related skills, it becomes much easier to understand the limited importance of the risk described as the poaching phenomenon, compared to the potential gains from a labour market supply of appropriate skills (Barrett et al., 1998, pp. 34f.). This concept also underlines the importance of securing the qualifications of the labour force in such a way that a free flow of labour becomes possible within an industry or sector undergoing major changes; it also represents an answer to the need for employment security among wage earners. Public financing and steering of the VET supply is therefore of vital importance to secure these wider aims – including the social coherence that supports flexibility – other words: to promote a flexicurity model.

This statement is made all the more important when taking into account the deficiencies in the behaviour of enterprises. As we have seen, there are problems with both the planning and the implementation of VET activities in many Danish enterprises. Furthermore, the findings of a recent Danish survey (Lassen, Plougmann et al., 2005) also show that very few firms are able

to produce straightforward cost—benefit calculations – and even the few of them capable of doing so did not use them as the sole reason for financing VET activities. The following tables, which come from a draft version of this survey, give a picture of unmet skills needs. As many as half of the enterprises state that their employees are in need of more qualifications (Table 8).

**Table 8: Unmet needs for CVT (percent)** 

Numbers of employees	1-9	10-49	50-199	200 +
Is it the enterprise's assessment that it has employees who	N=344	N=602	N=627	N=251
are in need of CVT yet there are no concrete plans for				
activities available?				
Yes	26	37	51	47
No	65	54	40	44
Do not know	9	9	9	9

Source: Lassen, Plougmann et al., 2005; the percentages presented are weighted and the numbers (N) are unweighted.

Table 9 presents a catalogue of possible reasons in an attempt to explain the unmet needs. First of all, the time employees need to spend on CVT seems to constitute a barrier. Secondly, a reason could be that the need for qualifications has been recognised only recently, and thirdly the firms do not think it is worthwhile in terms of economic gain to invest in CVT for its employees. The mutual weight of these arguments differs between unskilled workers and the rest of the staff. They are also dependent on the economic situation of the firms; unmet needs are a bigger problem in firms with financial problems.

Table 9: Reasons for unmet needs for CVT and the financial situation of the enterprise (percent)

	Unskilled workers			The rest of the staff		
Is the financial situation of the enterprise (1) particularly or fairly good, (2) average, (3) slightly or highly negative?	(1)1	(2)2	(3)3	(1)4	(2)5	(3)6
The need has arisen/been recognised recently	24	28	41	32	33	12
People are only employed for such short periods that it is not worth the effort	10	13	18	3	16	0
The costs are too high compared to the outcome	15	17	40	20	27	16
The enterprise cannot spare the employee for the time to be spent on CVT	30	43	40	45	52	51

Source: Lassen, Plougmann et al., 2005; the percentages presented are weighted and the numbers (N) are unweighted. 1: N= 163, 2: N=137, 3: N=71, 4: N=322, 5: N=260, 6: N=133

Table 10 reveals two especially interesting observations. The first one concerns unmet needs for unskilled workers. Their needs have been recognised more recently in enterprises making

systematic evaluations of needs. Secondly, time spent is a stronger barrier in enterprises that do not make such an evaluation. This is a problem for all employee groups.

Table 10: Reasons for unmet needs for CVT and systematic evaluation of employee skill needs (percent)

	Unskilled workers			The rest of the staff		
Does the enterprise conduct systematic evaluations of the employees' needs for CVT? (1) Yes, always, (2) To some extent, yes, or (3) No	(1) <sup>1</sup>	(2) <sup>2</sup>	$(3)^3$	(1)4	(2) <sup>5</sup>	(3) <sup>6</sup>
The need has arisen/been recognised recently	43	30	16	37	28	25
People are only employed for such short periods that it is not worth the effort	3	16	10	1	0	18
The costs are too high compared to the outcome	23	19	31	21	25	18
The enterprise cannot spare the employee for the time to be spent on CVT	25	34	56	25	44	67

Source: Lassen, Plougmann et al., 2005; the percentages presented are weighted and the numbers (N) are unweighted. 1: N= 113, 2: N=209, 3: N=50, 4: N=232, 5: N=368, 6: N=118

Finally, in Table 11, there is evidence of a weak connection between the different reasons and whether or not the enterprises have institutionalised their personnel function. For example the problem of time spent on CVT is smaller in enterprises with a personnel or educational department then in enterprise without a personnel or educational department. Also the perception of cost versus outcome is dependent on the presence of a personnel or education department. Enterprises with such departments are less negative in their evaluation of whether or not CVT is worth the cost.

Table 11: Reasons for unmet needs for CVT and the presence of a personnel or education department participating in the planning of CVT for the employees in the enterprise (percent)

	Unskilled wo	rkers	The rest of the staff		
Does the enterprise have a personnel or education department that participates in the planning of CVT for its employees?	Yes <sup>1</sup>	No <sup>2</sup>	Yes <sup>3</sup>	No <sup>4</sup>	
The need has arisen/been recognised recently	31	28	28	29	
People are only employed for such short periods that it is not worth the effort	11	14	0	9	
The costs are too high compared to the outcome	14	28	15	25	
The enterprise cannot spare the employee for the time to be spent on CVT	30	41	36	53	

Source: Lassen, Plougmann et al., 2005; the percentages presented are weighted and the numbers (N) are unweighted. 1: N= 194, 2: N=177, 3: N=356, 4: N=358

# 3.5 Reasons for and barriers to implementing CVT activities

At the top and strategic level, there are several analyses<sup>3</sup> that describe a relation between an enterprise's choice of form of flexibility, strategies of personnel policy and strategies in relation to continued training of its staff. These analyses demonstrate that when enterprises choose or tend to focus more on certain forms of flexibilities, the issue of CVT has a higher profile in the consciousness of the enterprises.

Enterprises that put the main emphasis on functional flexibility aim to ensure that their staff can handle a number of different work functions; naturally, consciousness of CVT then has a more prominent position than is the case in enterprises where the emphasis is on other forms of flexibility (e.g., numerical flexibility, where the working force is adjusted in number to ensure that the needs of the enterprise are covered).

The way enterprises respond to the demand situation to which they are exposed (choice of flexibility strategy) thus affects how integrated CVT is in their operations. The analyses, however, also point out that enterprises frequently have several different strategies for different groups of personnel, which implies that their motivation varies regarding CVT for different groups of staff.

No matter which personnel policy regime an enterprise chooses, CVT can play a role from both a qualifications perspective and from the perspective of a different aspect of personnel policy where the focus is not on an immediate increase in productivity, but more, for example,

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<sup>&</sup>lt;sup>3</sup> For example, Gjerding, 1997; Sommer & Sørensen, 1997; Voxted, 1998.

on making the enterprise attractive for employees or on gearing up the employees for future processes of change in the enterprise.

Earlier analyses<sup>4</sup> have sought to provide an indication of the significance enterprises ascribe to the use of CVT in relation to other responses to the challenges they face. In these specific analyses, there are some indications that CVT is one, but not the most frequently, chosen method to ensure that the human resources match the needs of the enterprise. The analyses show that consciousness about CVT or the motivation to use CVT is already present in the enterprises, but in different ways; for a large group of enterprises CVT plays an important role, while for a smaller group (14%) it does not play any role at all.

Several analyses<sup>5</sup> point to a divergence in the perceived importance of CVT among enterprises, which is dependent on how exposed to competition and how innovative they are. The more exposed to competition and the more innovative, the more important the enterprises perceive their needs for CVT. This also means that there are enterprises that do not perceive any need for CVT.

At the same time, the analyses show that the group of enterprises that experience fierce competition and that state that continuous development of their employees' qualifications is very important do not, however, use CVT markedly more than other enterprises. This may be because such enterprises are so squeezed regarding earnings that they cannot afford to use all the CVT they would find relevant and desirable.

At the micro level, in relation to the enterprises' concrete use of CVT, motivation can be described and analysed based on the circumstances that brought about the CVT activities. This perspective has been studied in a number of earlier analyses.

In the main part of these analyses, the focus is on conditions that can either be related to qualification purposes or to personnel policy purposes for which participation in CVT was not immediately productivity-enhancing. Both types of purposes are clarified in the analyses to varying degrees, and a number of dimensions were omitted in an attempt to illustrate enterprises' use of CVT from a qualifications perspective.

Going over the analyses, it is evident that when it comes to the actual initiation of CVT in the enterprises, it is factors indicating that the enterprises are pursuing a qualification purpose or a personnel policy purpose that play the most important role.

A large part of the concrete causes covered in the survey-based analyses are linked to different aspects of the enterprises' reasons for qualification activities, e.g.:

- Maintenance of qualifications
- New technology
- New organisation
- New staff
- Strategy or business plan
- Statutory requirement
- Staff must be able to handle new assignments

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<sup>&</sup>lt;sup>4</sup> Gjerding, 1997

<sup>&</sup>lt;sup>5</sup> For example, Gjerding, 1997; Voxted, 1998.

This picture is confirmed in several other analyses, <sup>6</sup> both qualitative and quantitative, which all concurrently point out that as a starting point, CVT activities are often initiated due to the enterprises' needs for qualifications, and are thus a necessity to ensure the performance of tasks.

But the same analyses also show that enterprises have several parallel motives, and that personnel policy purposes often play a role as well. In the survey-based, analyses the personnel policy purposes are described, for example, as:

- Meeting employee wishes
- Fringe benefits
- Rewarding employees

The use of CVT can, however, also have a concrete function in connection with an enterprise's strategy of flexibility and the way its personnel policy works, and may thus be used in periods of below-average work pressure, as has been documented in two analyses. <sup>7</sup> In the same analyses, a certain area of focus is omitted regarding the motivation of enterprises: the framework agreement for participation in CVT specified in collective bargaining. This means that the concrete training activities are initiated without any direct reference to the agreement; however, the agreements seem to have an increasingly significant influence on the general agenda setting for the use of CVT activities. This issue has also been touched upon in other analyses.8

Regarding barriers to CVT, these can be seen from at least two perspectives: a helicopter perspective, where the focus is on the circumstances that can influence an enterprise's overall strategic response to the challenges it faces, and the role CVT plays in this response. In this perspective, many of the circumstances are similar to the ones applying in the discussion on factors motivating enterprises to use CVT.

Barriers can also – like motivation – be seen in a micro perspective, where the question is whether or not the enterprise has registered any unmet CVT needs, and what are the circumstances that cause the enterprises to not initiate desirable or planned CVT.

Barriers to CVT are thus, on the one hand, the circumstances that limit the extent to which the enterprises utilise CVT when responding to outside challenges; on the other hand, barriers are the circumstances that are the reasons for concrete CVT activities not being initiated.

A number of both qualitative and quantitative analyses<sup>9</sup> attempt to shed some light on the structural discussion of circumstances influencing the degree to which enterprises in general choose to integrate CVT in their response to challenges. Summarising the analyses, they point to a wide variety of circumstances that influence how enterprises integrate CVT in their general business strategy; however, these factors can be structured into four overall themes:

<sup>&</sup>lt;sup>6</sup> For example, Danmarks Evalueringsinstitut, 2004; NIRAS konsulenterne, 2003; OPUS, 2004.

<sup>&</sup>lt;sup>7</sup> Anker & Andersen, 1991; Lassen, Plougmann et al., 2005

<sup>&</sup>lt;sup>8</sup> Due et al., 2004; IFKA, 2004; OPUS, 2004.

<sup>&</sup>lt;sup>9</sup> For example, Andersen, 2004; Gjerding, 1997; Nielsen, 2004.

- The business situation and strategy of the enterprise
- Factors that are part of the personnel practises of the enterprise
- Factors that are part of the environment of the enterprise
- Factors that are part of the learning programme of the enterprise

These analyses provide no general quantifications of the degree to which each circumstance influences the enterprises' use of CVT; however, in several of the quantitative-based studies, the focus is on differences in the enterprises' use of CVT, which are based on different topologies of enterprises (choice of form of flexibility, frequency of innovation).

Unmet needs for CVT in enterprises can be taken as an indication of the existence of barriers to initiating CVT activities. The extent of the unmet needs for CVT has been described in several past analyses.<sup>10</sup>

# 3.6 Summing up

These results seem first of all to confirm that enterprises attach more weight to more narrowly and operationally oriented considerations than to considerations of investment in the enterprise's planning of education/securing adequate qualifications. Still, if this leaves an impression of less rationality in enterprise behaviour, then perhaps the problem might be ascribed to an excessively limited perception of "rationality". It seems that several employers do indeed implement many other parameters than a simple "Economic Man" rationality would suggest. However, this is not necessarily done in an explicit or outspoken way, rather in a way comparable with the concept of "tacit knowledge", when considering how the enterprise is "embedded" in a complex and interacting relationship.

Secondly, it is the competitive situation facing enterprises that constitutes the dominating motivation for the majority of the CVT activities initiated. Growing and intensified external pressures increase the enterprises' motivation regarding CVT because in such a situation the enterprises tend to focus on just how important the competences of their staff are for their ability to stay competitive, and they realise that CVT is a relevant tool for ensuring the continuous development of their employees' skills.

However, motivation and use of CVT can also be linked to an enterprise's choice of strategy regarding flexibility and the use of personnel policy, and to varying degrees an enterprise's choices in these areas can contribute towards increasing the motivation to use CVT.

As for barriers to CTV, it is generally time and economic considerations that are emphasised as being central factors impeding the initiation of CVT in enterprises. Analyses show that especially enterprises without a professionalised personnel department and enterprises without systematic identification of employee CVT needs experience time as a barrier. Furthermore, the analyses show that the economic barrier plays an important role for enterprises that are under financial strain and that do not have a professionalised personnel department.

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<sup>&</sup>lt;sup>10</sup> Anker & Andersen, 1991; IFKA, 2005; Teknologisk Institut, 1994.

### Conclusion

The Danish VEU system has, as shown in Part One, undergone many changes from its establishment in the 1950s to the VEU reform that came into effect on 1 January 2001. Moreover, the latest policy development indicates that there are still more changes to come.

The introduction of the VEU reform in 2001 signalled changes in the established ways of viewing CVT in Denmark. A shift in the financial responsibility from the state towards the social partners, the "Big Package Deal", was the most obvious example of the altered trajectory of the CVT system in Denmark. In addition, a user's fee for attending CVT courses was introduced. Another effect of the altered conception of CVT is the shift towards a more market orientation of CVT supply, exemplified by "The New AMU Concept". This means that in the future the supply of CVT in Denmark will be controlled to a larger extent by the single enterprises.

This new trajectory in CVT is to a large degree dependent on enterprises' capability of making their needs explicit. A possible latent consequence of letting the needs of the enterprises govern the supply of CVT is that the mobility of the individual employee could be reduced. The risk is that if in the near future CVT will be structured to a greater degree around the specific needs of the single enterprise, then the knowledge required when attending a CVT course will not be transferable to other enterprises.

In Part Two of the paper attention was given to the motivation for and barriers to enterprise-sponsored CVT. Research has shown that an enterprise's motivation for sponsoring CVT cannot necessarily be described as its needs, furthermore that the identification of the "needs" varies from enterprise to enterprise, implying that a simple "human capital" approach will not fully grasp the motives for CVT activities; although qualification needs are still the primus motor for engaging in CVT activity, other needs are also influential.

An important conclusion that can be drawn from the desktop research is that motivation for sponsoring CVT should not be analysed as a simple causal relation in which a qualification need leads to sponsoring of CVT. Instead, sponsoring of CVT should be seen as the enterprise's way of dealing with external as well as internal challenges of varying nature. The motivations for sponsoring CVT can in our view only fully be understood if one considers how the enterprise is "embedded" in a complex environment. This implies the use of a holistic analytic approach.

Furthermore, it is important to stress that the rationalities for enterprises undertaking VET activities are manifold. First and foremost, the market situation in which the individual enterprise finds itself, is a highly influential factor when trying to understand CVT activities. But the way the individual enterprise decides to react to this influence is extremely different. The reactions can be seen as an effect of the chosen personnel policy and/or of the different kind of flexibility strategy employed in production.

As mentioned above, we apply four different in our understanding of personnel policy: recruitment, retainment, development and outflow. Activities that can meaningfully be categorised as one of these four elements can be seen in terms of an enterprise's interaction with the external labour market. CVT activities can be considered a tool in all four elements.

Applying this perspective allows us to depict CVT activity in a much more comprehensive way and to acknowledge the multifaceted motives enterprises have for sponsoring CVT.

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# List of abbreviations

Abbreviation	Danish	English translation		
AMU	<u>A</u> rbejds <u>M</u> arkeds <u>U</u> ddannelse	Labour Market Education		
AUF	<u>A</u> rbejdsmarkedets <u>U</u> ddannelses <u>F</u> inansiering	Labour Market Institution for Financing of Education and Training		
AVU	<u>A</u> lmen <u>V</u> oksen <u>U</u> ddannelse	General Adult Education		
BFU	Betalt Frihed til Uddannelse	Paid Time Off For Education		
CVT		Continuing Vocational Training		
FKB	Fælles Kompetence Beskrivelser	Common Skill Descriptions		
FVU	<u>F</u> orberedende <u>V</u> oksen <u>U</u> ddannelse	Preparatory Adult Education		
GVU	<u>G</u> rundlæggende <u>V</u> oksen <u>U</u> ddannelse	Basic Adult Education		
HF	Højere forberedelseseksamen	Higher Preparatory Examination		
SU	Statens Uddannelsesstøtte	State Education Grant		
SVU	Statens Voksen Uddannelsesstøtte	State Education Grant for Adults		
VET		Vocational Education and Training		
VEU	<u>V</u> oksen <u>E</u> fter <u>U</u> ddannelse	Continuing Vocational Education and Training		
VEUD	<u>V</u> oksen <u>E</u> rhvervs <u>U</u> ddannelse	Adult Vocational Education and Training		
VVU	<u>V</u> ideregående <u>V</u> oksen <u>U</u> ddannelse	Further Adult Education		
VUS	Voksenuddannelsesstøtte	Adult Education Funding		

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