

# Executive summary

**The COVID-19 pandemic has disrupted labour markets in the OECD and beyond.** Labour markets were already undergoing adjustments due to technological change, globalisation, population ageing and the transition to a low-carbon economy. The COVID-crisis has accelerated some of these structural changes. Providing reskilling and upskilling opportunities is more crucial than ever to enable individuals, enterprises and societies as a whole to harness the benefits of these transformations.

**Enterprises are the main provider of reskilling and upskilling opportunities for adults.** They invest in learning opportunities because they believe that skilling their workforce helps them adapt to technological change, integrate new recruits, ensure health and safety of staff and stay competitive. Yet, not all firms have the capacity and capabilities to organise effective learning opportunities for their employees.

**The COVID-19 pandemic has posed additional training challenges for enterprises,** notably by making it difficult to deliver in-person training as well as by changing the way many employees work. Fewer employees participated in training programmes during the pandemic, according to data from the European Labour Force Survey. In 2020, 9.5% of employed adults in the EU-27 had taken part in education and training in the previous 4 weeks, down from 11.4% in 2019. This was the first decline in a decade, bringing participation rates down to 2012 levels. Evidence from the case studies suggest that while many large enterprises were able to upscale their pre-existing online training programmes, smaller firms struggled to provide training, because they lacked these resources.

**Policy-makers lack a detailed picture of how training in enterprises takes place.** This report opens the black box of training and informal learning in enterprises, by providing in-depth insights on: i) what training and learning opportunities enterprises provide; ii) why they provide training (or not); and iii) how they make decisions about training. It presents new evidence from 100 qualitative cases studies in five countries: Austria, Estonia, France, Ireland and Italy. In doing so, it assists governments and social partners in designing and implementing better policies in support of training in enterprises.

## What learning opportunities do enterprises provide?

**Training in enterprises has well-defined content, degrees of formalisation and modes of delivery.** Evidence from the case studies suggests that enterprises offer six types of content: technical, practical or job-related skills; health, safety and security; soft skills; induction of new employees; IT skills and foreign languages. These opportunities differ in their degree of formalisation. New evidence from the case studies shows that the adoption of certified training is driven by regulatory pressures and primarily relates to technical, practical or job-related skills and health, safety and security training.

Concerning the mode of learning, the case studies show that, before the outbreak of the pandemic, **online training was not widespread** and large and/or multinational enterprises were disproportionately more likely to rely on online delivery than medium-sized firms were. The pandemic proved to be an accelerator of existing trends in online training, rather than a catalyst for change. Large enterprises were able to

upscale online delivery quickly, but remain lukewarm about further expanding online delivery, whereas medium-sized firms struggled during the crisis and are not planning to upscale online provision as economies reopen.

**Informal learning is, by definition, not institutionalised and difficult to measure.** Existing evidence suggests that informal learning accounts for more than 70% of total learning time in enterprises. The case studies show that enterprises offer a wide range of informal learning opportunities across three main dimensions: learning by doing, e.g. by working across different projects or through structured job rotation systems; learning from others, e.g. through mentoring schemes or exchanges with colleagues; and keeping up to date with new products and services, e.g. through reading newsletters, attending trade fairs, or conferences.

## Why do enterprises train (or why not)?

**Firm-provided training has many important benefits, both for the firm and for its employees.** For enterprises, training leads to increases in productivity and profitability. For the employee, it translates into higher wages and better career prospects. However, new evidence from the case studies shows that the main motivation for firms to train their employees is not directly related to firm performance but is to comply with legal requirements regarding health, safety and security training. Reasons more directly related to firm performance, such as the need to stay competitive or to engage employees, are only secondary drivers of the provision of training.

**At the same time, enterprises face a number of constraints limiting the amount of training they can offer.** New evidence from the case studies shows that a lack of time by employees and management functions appears to be a key impediment to training provision, followed by training costs to employers and negative attitudes of employees and managers. Lack of time is particularly problematic for employees directly involved in manufacturing, which often takes place as shift-work. Office workers are considered to have more flexible schedules that can more easily accommodate training. This also results in an unbalanced distribution of training in favour of office workers. Contrary to the literature, poaching concerns are rarely cited as obstacle to training.

## How do enterprises make decisions about training?

**Enterprises need effective structures to design, deliver and evaluate training to maximise its impact on employees, enterprises and societies as a whole.** The case studies show that firms that appoint a dedicated training manager/specialist provide more training. Evidence from the case studies also provides insights into employees' involvement in decision-making on training. Where they have a say, employees influence decisions directly, rather than through employee representatives, although there are cross-country differences.

**Training needs assessment is a key tool for enterprises** to understand their human resource requirements and develop plans to meet these through training. New evidence from the case studies shows that most firms do assess their training needs. In doing so, they use a variety of methods and approaches, which are reactive in most firms, e.g. based on employee feedback, rather than strategic, e.g. based on market analysis or industry foresight. **Enterprises need to decide whether to deliver training internally or through external providers,** after assessing their training needs. This choice is driven by the availability of expertise in-house, costs and the need to customise training, according to the case studies. **Understanding how individuals gain access to training is crucial,** given the large inequalities observed in training participation among employees. New evidence from the case studies shows that line-managers are often gatekeepers to training. Some firms with a high-skilled workforce are empowering employees through individual training budgets and self-directed online training.

**Enterprises use only basic methods to assess the outcomes of training**, despite spending significant amounts of time and resources on its delivery. New evidence from the case studies suggests that most enterprises rely on employee surveys or observation at work to assess the results of training.

## Why and how should enterprises be supported?

**Understanding why and how enterprises should be supported in their training provision is crucial for designing and implementing effective and efficient training policies.** Two key arguments justify policy intervention by governments or social partners in this area. Firstly, policy intervention can be necessary to reduce attitudinal, informational, time or financial barriers faced by small and medium enterprises or to solve co-ordination problems across all firms. These interventions can maximise firm performance in view of achieving greater productivity growth, higher wages and higher levels of well-being, ultimately leading to higher economic growth. Secondly, policy intervention can unlock the positive externalities of training and improve equity of labour markets, realising the wider economic and social benefits of training.

Based on new insights from the case studies, **this report suggests a ‘tool-box’ for policy makers to support enterprises that includes five main types of instruments**, namely: i) information and guidance for enterprises; ii) capacity building of enterprises; iii) financial incentives to steer training provision; iv) the direct provision of training; and v) regulatory instruments such as laws and agreements. Governments and social partners generally rely on a mix of instruments to reach their desired objectives.



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