

Ad hoc paper: Strategies for Reforming Continuing Vocational Training (CVT)*Objectives of the strategies for the reform of CVT*

The continuing vocational training (CVT) system in Greece is undergoing a process of reform for the past twenty years, or so. There are various reasons why a transparent and well-developed CVT system is still lacking today. In some cases, the reform plans were too ambitious and complicated. In some other cases, the political will to go ahead with the reforms was missing. Traditional inertia, lack of expertise in certain areas and vested interests by stake holders, have all occasionally been held accountable for resisting change.

The system is highly fragmented, and driven by supply factors (often by the need of persons to secure a subsidy in the absence of a well developed and adequate unemployment benefits policy), rather by demand factors (the needs of the employers and of the labour market). Because of the way in which the CVT system has developed (piecemeal fashion, no clear vision and strategic thinking), the needs of some groups of the labour force have been well catered for, at the expense of the needs of some other groups which have been left without provision. In short, there is a problem with the internal balance of the system. Further, new training measures have rarely been evaluated prior to their introduction, a factor that has repeatedly contributed towards uncertainty as to the expected outcomes and impact of the measures. As a rule also, training measures have rarely been evaluated after their implementation, which means that policy design for new measures is unaware of the lessons of past actions.

CVT is currently called upon to play a role which is fundamentally different from that of the recent past. Amidst a climate of a major economic crisis, record level and still rising unemployment and with the possibility of large sectors of public administration undergoing large-scale restructuring in the coming years, CVT delivery must be made larger. Given also the profound importance of CVT to Greece's (currently low) competitiveness, CVT must also become more effective than in the past.

The essence of the reform strategies proposed here, to make the present structure of CVT delivery larger and more effective, is to move towards practical, needs-oriented basic

vocational training, by keeping some elements of CVT virtually unchanged and by utilizing current structures and existing level of knowledge. The need also to simplify rules and unify conditions of CVT delivery among the various segments of the labour force is apparent.

Reform Strategies

1. Supporting the skills development of unemployed workers

The following are the proposed strategies for achieving the stated objectives:

- Funding for CVT programmes is not only open to people who have recently lost their jobs, but also to the new unemployed (new entrants).
- The PES and more specifically the job counselors decide whether CVT support is possible. When identifying the need for CVT measures, the job counselor must always take conditions on the labour market into account and decide, for example, whether the candidate could find employment without continuing training; whether other instruments of labour market policy could be more promising; and whether the candidate can, in all likelihood, return to the labour market as a result of the training.
- The unemployed meeting these general conditions of eligibility are granted a Training voucher by the job counselor. In principle, this voucher should contain data on the educational objective, the time required to reach this objective, and information as to for how long the voucher is valid (6-12 months).
- The voucher holder can redeem the educational voucher at any educational institution of his/her choice which is certified for continuing training funding (KEKs, OAEDs training centers, university training centers, etc). The training institution then charges the cost of the course to the PES on the basis of the education voucher.
- The training institution selected by the participant presents the training voucher to the issuing PES before the beginning of the measure, in order to claim an advance payment. For final payment, approval is needed that the training has been

conducted according to the specifications of the voucher by a competent authority (EKEPIS could be called upon to play this role or some other public institute).

- The training institutes (KEKs, etc) implementing training courses under voucher schemes have no obligations regarding placing trainees to jobs. They do however have the obligation to assess the trainees and to issue Attendance Certificates for those successfully completing the course. Under the circumstances (radical changes in collective bargaining, wage freezes, etc), the formal value of the certificate for the labour market, need not present a problem.
- Regulations surrounding unemployment benefit remain unchanged for the duration of the CVT programme, so that the trainees are also entitled to receive unemployment benefits.
- With respect to training subjects, the situation calls for a pragmatic view and approach, given that information concerning training needs are currently either outdated, or simply non-existent.
- For 2012, training courses should contain an appropriate mix of generic skills, entrepreneurship training and job search techniques, ideally in an integrated manner. The courses could include up to 100 hours of training, for a maximum of 6 hours per day in classes of 10 to 20 students. During the course, the unemployed could receive an education allowance of EUR 10, while total cost should not exceed approximately EUR 15 per hour of training.
- The specifications and standardization of the curriculum for such a training course could easily be formed by EKEPIS, drawing from past experience (OAED's entrepreneurship training, vocational guidance and job-search training, A start-An opportunity programme, etc), as well as from good practice examples from other countries.
- For the period beyond 2012, the development of sector-based CVT is strongly recommended, alongside the continuation of the generic CVT course. The selection of the sectors of economic activity as a reference base for planning CVT

actions has certain advantages over other potential reference bases (occupation or geographical area).

- The formation of sectoral training programmes ought to be based on sectoral training needs analysis. The studies of sectoral skills needs could be commissioned through open tender procedures, if in the mean time the national employment observatory is still not in place. It is estimated that 6 months will suffice for the completion of the studies. The studies need not start from scratch, as both KEPE and IOVE conduct and publish regularly sectoral economic prospects studies, covering with a wealth of information on most major sectors of economic activity.
- On the base of these studies, EKEPIS can provide specifications for the sectoral training course curriculums, utilizing for this purpose the 202 accredited occupational profiles. Once standardized, sectoral CVT courses could run along the same lines as the generic CVT course, for both unemployed and employed workers (under certain conditions).

2. Supporting the skills development of employed workers

The following are the proposed strategies for achieving the stated objectives:

- Funding for CVT programmes is open to both private sector and public sector employees, under certain eligibility conditions.
- For public sector workers, two families of CVT courses are envisaged: a/training programmes for those in labour reserve, and b/ training programmes for regular public sector employees.
- For those in labour reserve, training conditions ought to be the same with training for the unemployed. The generic CVT programme described above (transferable skills, small scale entrepreneurship and job search training) is designed so as to enhance the candidate's skills and profile for the general labour market. Training

here should be optional, while regulations surrounding wages remain unchanged for the duration of the CVT programme.

- For regular public employees (including those in the wider public sector), two types of CVT are envisaged: a/ training on horizontal issues, and b/ policy-area specific training (mostly in the area of economics and finance).
- The common goal of public service general training is to support the implementation of administrative reform and modernization. In practice, this training objective amounts to: a/training for change, b/ training to serve the public better, and c/ management training (cost containment measures).
- As regards organization of training, it is strongly recommended that the development of training policies in principle be assigned to the government body which oversees service and personnel policies, i.e. the ministry in charge of the administrative reform (rather than have each ministry drawing its own policy). With respect to identification of training needs, up to now, needs assessment was the responsibility of each ministry or agency. There are no reasons why private sector experts (consultants) or University departments should be engaged in identifying training needs, especially since the public service is currently introducing or planning to introduce “private sector” management techniques. The general training for the common functions within the public service is usually provided by only one institute (National School for Public Administration). In the past, EKDD did not have to compete with private sector training institutions as the latter did not offer any training geared to public sector personnel. It is proposed that EKDD should face market competition, at least in some training areas, and compete on equal footing with private sector providers.
- With respect to private sector employees, it is proposed that the following groups of employees are granted priority: a/ low-skill workers, b/new recruits, and c/ owners and managers of small and medium enterprises.
- Low-skill workers are those workers that have been in an unskilled or semi-skilled job for some time (for example, the last five years). They are usually of

age (45 or older), not in possession of a vocational qualification, working in small and medium enterprises, and in the past they have been left unaffected by CVT. This is a category of workers that has been hurt by the crisis the most (wage cuts, short-time work, etc).

- Such workers should receive financial support to cover training expenses, in much the same way as the unemployed. In short, those meeting the general conditions of eligibility are granted a Training voucher by the job counselor, which can be redeemed at any educational institution certified for continuing training funding (KEKs, etc). Training courses should take place outside the company and outside working hours (so that the low-skill worker continues to receive wages), and focus on general, transferable skills (i.e., the generic CVT course developed for the unemployed without the entrepreneurship and job-search training modules). The courses could include up to 60 hours of training, for a maximum of 4 hours per day in classes of 10 to 20 students. During the course, participants could receive an education allowance of EUR 10, while total cost should not exceed approximately EUR 15 per hour of training. As in the case of CVT for the unemployed, for final payment, approval is needed that the training has been conducted according to the specifications of the voucher by a competent authority.
- It should be noted that although evaluations of continuing training programmes in OECD countries suggest in general very poor outcomes, some studies have noted positive gains in the case of basic training for low education workers.
- Training subsidies could also be available to new recruits (workers recruited within the last 3 months and/or workers about to be recruited, without substantial work experience) for in-service training. On-the-job training (OJT) is one of the best training methods because it is planned, organized, and conducted at the employee's worksite. OJT will generally be the primary method used for broadening employee skills and increasing productivity. It is particularly appropriate for developing proficiency skills unique to an employee's job -

especially jobs that are relatively easy to learn and require owned equipment and facilities.

- OJT programmes have been implemented in the past by OAED, but low attractiveness has led to their suspension. At the time of its implementation, the programme of ‘In-work Training’ was open to enterprises occupying 100 persons and more, with similar activities, in 63 branches of economic activity and 268 vocational specializations. Enterprises were asked to submit an application for a common training activity, and one of them (usually the biggest) was defined as the one responsible for the smooth execution of the training activities. As regards cost-sharing arrangements, enterprises contributed 40% of the total training cost, while O.A.E.D. and the European Social Fund covered the rest 60%.
- A renewed OJT scheme could become the main training instrument for the upskilling of employees, provided that the design features of such a scheme take account of the new labour market realities and allow for flexibility in implementation. More concretely, it is suggested that the scheme to be developed will apply to enterprises in all sectors of the economy, employing at least 20 employees. Application to participate in the Scheme should be allowed to be submitted by enterprises at any time of the year. The training programme which will be of 6 months duration, will aim at the newly recruited employee acquiring work experience and practical training within the enterprise that hires him/ her under the supervision of a trainer.
- As for procedures, for each eligible employee, each employer must apply to the PES, providing a description of the major job requirements and related knowledge, skills, and abilities. To be most effective, an OJT plan should include: a/ the subject to be covered, b/ number of hours, c/estimated completion date, and d/ method by which the training will be evaluated. Employers need also to assign a suitable trainer (a responsible member of the staff or a collaborator with years of experience and of a hierarchical position higher than that of the trainee) who will guide and supervise the training of the newly recruited employee.

- The PES offers a subsidy to the employer towards the incurred eligible costs for the implementation of the OJT plan, including trainer's and trainee's costs. On his behalf the employer must pay the graduate a salary of at least that foreseen by the general national collective agreement. It can be considered that 80% of the newly recruited employee's working time is training time, while there is a need for the trainer to spend 40% of its working time on training the new employee. The maximum level of subsidy can be up to 80% of eligible costs. Payment could amount up to 60% for large, 70% for medium size and 80% for small enterprises of the training expenses incurred by the employer.
- The OJT scheme proposed above could be thought of as a better alternative to wage subsidies schemes implemented by OAED, for a number of reasons. As previous research has shown, a major problem with young people is the lack of professional experience. As prior working experience is valued immensely by employers, it seems that this factor stands for explaining at least a part of the extraordinary difficulties facing labour market new entrants in their attempt to secure work. By providing training subsidies to newly recruited workers, the authorities can contribute to employment growth by shortening the time needed for newcomers to secure work and thus by effectively lowering the unemployment rate faced by young people.
- Training subsidies should be available to the owners and managers of small and medium enterprises in order to enhance both professional development and company development. The content of training here should be based on introducing basic methodology and information tools for strategic, financial, production planning, establishing of business targets, relevant performance monitoring and development of best continuous improvement practices to entrepreneurs of small and medium enterprises. Given the sheer size of this group and their crucial role in fostering innovation and more generally, boost Greece's competitiveness, this action merits high priority.
- Professional associations and Chambers should be able to set up and run such training courses, with the help of specialized training institutions of the private

- sector. OAED should be able to cover the expenses for these CVT courses, on a base not fundamentally different from that for the rest of the labour force.
- Finally, there is a need to emphasize the use of evaluation as a means to identify outcomes and highlight the changes that can be made to improve outcomes. Addressing the problems facing the Greek labour force has been a policy objective for a number of years, and various schemes have been launched, aimed at promoting employment and skills acquisition. In the absence of rigorous evaluations, however, it is difficult to estimate their true contribution to improving prospects. As a rule, none of the activation programmes available in Greece has been the object of a thorough evaluation and even data on participants' outcomes upon programme completion are rarely available. Nevertheless, evaluations of programmes are indispensable in identifying what works and what does not and in proposing adjustments in the light of experience. In addition to rigorous evaluation, a system of performance measurement is essential to set key outcome targets for public or private service providers and to inform incentive-payment schemes.
 - With respect to evaluations, there is further a need for striking a better balance between accountability for policy making and knowledge production in studies. This is because typical evaluations of ALMPs, at least those conducted so far in Greece, concentrate on measuring the success (or failure) of adopted policies and measures, and not on the core question of evaluation, i.e., what works and why. There is a need to isolate the effect of the programme from the outcomes that would have been achieved even without programme participation (this is best done through the use of control groups, or other quasi-experimental methods).
 - Additionally, future policy interventions should benefit from evaluation studies comparing and ranking the gains (and losses in the form of unintended results) of the various measures. The policy instruments to fight unemployment typically comprise a variety of measures such as training, employment subsidies, aid to self-employment, job search assistance, guidance services and direct job creation. It is obvious that we need a common yardstick to compare results and impact of

the various measures. Labour market authorities need to be informed on the cost-effectiveness of the various measures not only on a single intervention base but also judged against each other.