



European Foundation for the Improvement of Living and Working Conditions

# Small companies less likely to offer continuing vocational training

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*According to survey findings in Luxembourg, companies with 500 workers or more, particularly in the financial services sector, organise more training activities than smaller enterprises. Between 1993 and 2005, the number of training activities in smaller companies improved slightly. In general, it is external training institutes which carry out the tuition. Key reasons preventing the organising of training activities are the high costs and the lack of training infrastructure.*

## **Introduction**

This report analyses the results for Luxembourg of the third Continuing Vocational Training Survey (CVTS3). This European study on continuing training in companies was carried out for the third time in 2006 for the reference year 2005. In Luxembourg, the survey was jointly conducted by the National Service for Statistics and Economical Studies ([Service central de la statistique et des études économiques, STATEC](#)), the market research institute [TNS-ILRES](#) and the Educational Measurement and Applied Cognitive Science research unit ([EMACS](#)) of the [University of Luxembourg](#). The study covers all training activities – including the costs, needs, infrastructure and impact on labour – in different economic sectors. More information on the survey methodology is available in the annex of this report.

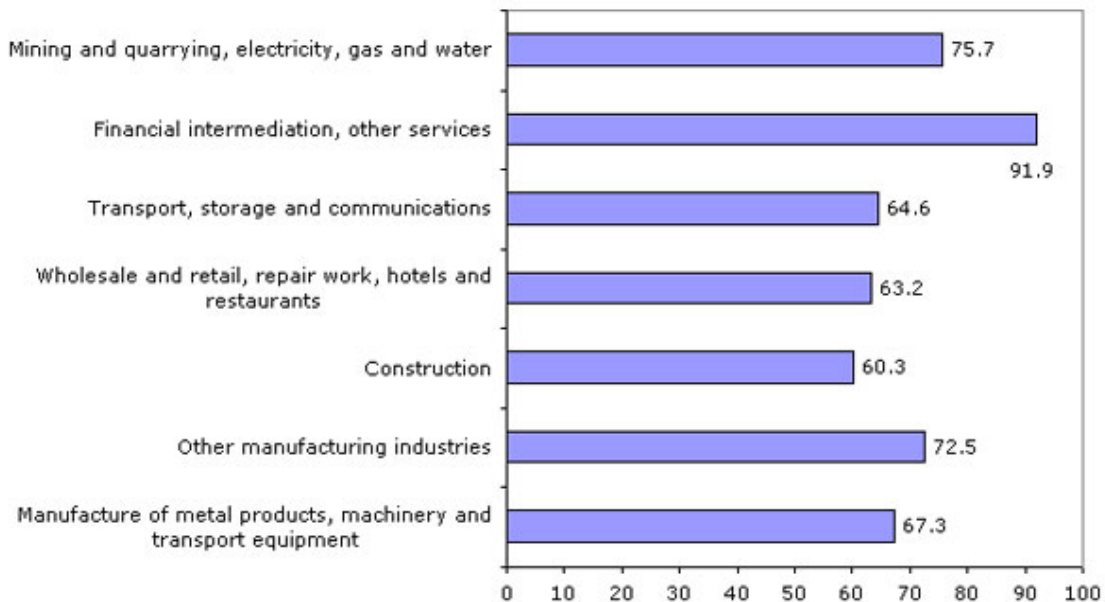
The term ‘continuing vocational training’ (CVT) is used when the training in question has the following characteristics:

- it is planned in advance;
- it aims to expand knowledge and improve skills and qualifications;
- it is funded in whole or part by the company – this funding by the enterprise can also take place in an indirect manner, for example through contributions made to training funds;
- it is pursued by members of personnel working under an employment contract.

## CVT in companies

More than seven out of 10 companies (71.8%) provided CVT of one form or another in 2005. The results are stable compared with 1999 (71.3%); however, in 1996, the proportion was lower, at 60.3%. The financial intermediation sector, together with other service activities, provides the most training, followed by companies in mining and quarrying, and in electricity, gas and water supply (Figure 1). Training is also widespread in manufacturing industries. At the other end of the scale, the construction sector provides the least training, although even here 60% of companies provide CVT.

Figure 1: CVT, by sector of economic activity (%)

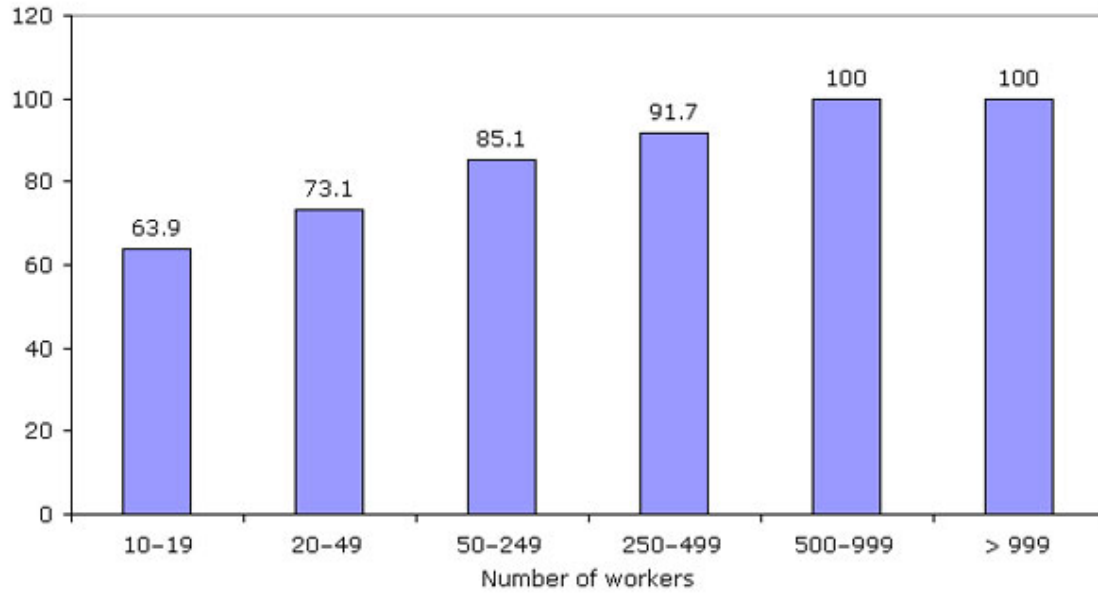


### CVT, by economic sector (%)

Source: CVTS3, 2005

While 64% to 73% of companies with fewer than 50 workers offer training, almost all of those with more than 250 workers do so (Figure 2).

Figure 2: CVT, by company size (%)

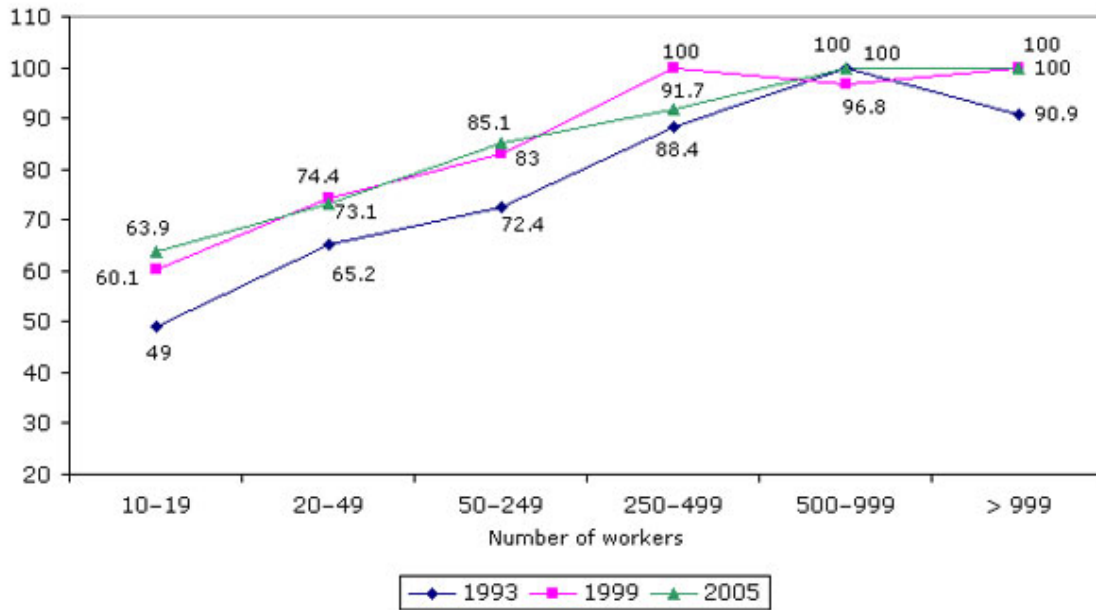


CVT, by company size (%)

Source: CVTS3, 2005

Looking at previous years, it is notable that these results are consistent with 1999. However, training activities have increased since 1993: while 49% of companies with fewer than 20 workers offered training in 1993, their number rose to almost 64% in 2005 (Figure 3). Furthermore, in companies with between 50 and 249 employees, training provision increased from 72.4% in 1993 to 85.1% in 2005.

Figure 3: Trends in CVT, by company size (%)



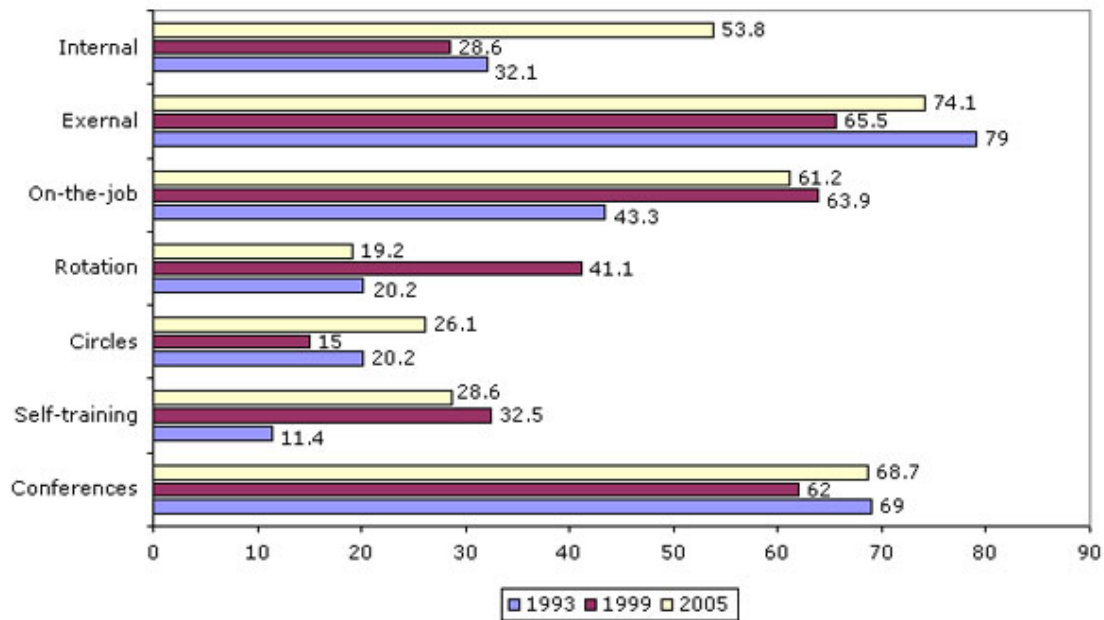
Trends in CVT, by company size (%)

Source: CVTS, 1993, 1999 and 2005

## Forms of training

External training courses, on-the-job learning and participation in conferences remain the main types of training used by companies (Figure 4). Almost 75% of companies that provide training now use external courses; this is the most popular type of training, although its use dipped from 79% in 1993 to 65.5% in 1999. While training through job rotation is clearly on the decline between 1999 (41%) and 2005 (19%), training through learning or quality circles increased from 15% in 1999 to 26% six years later. Moreover, internal training has become more common recently.

Figure 4: Trends in forms of training (%)



### Trends in forms of training (%)

Source: CVTS, 1993, 1999 and 2005

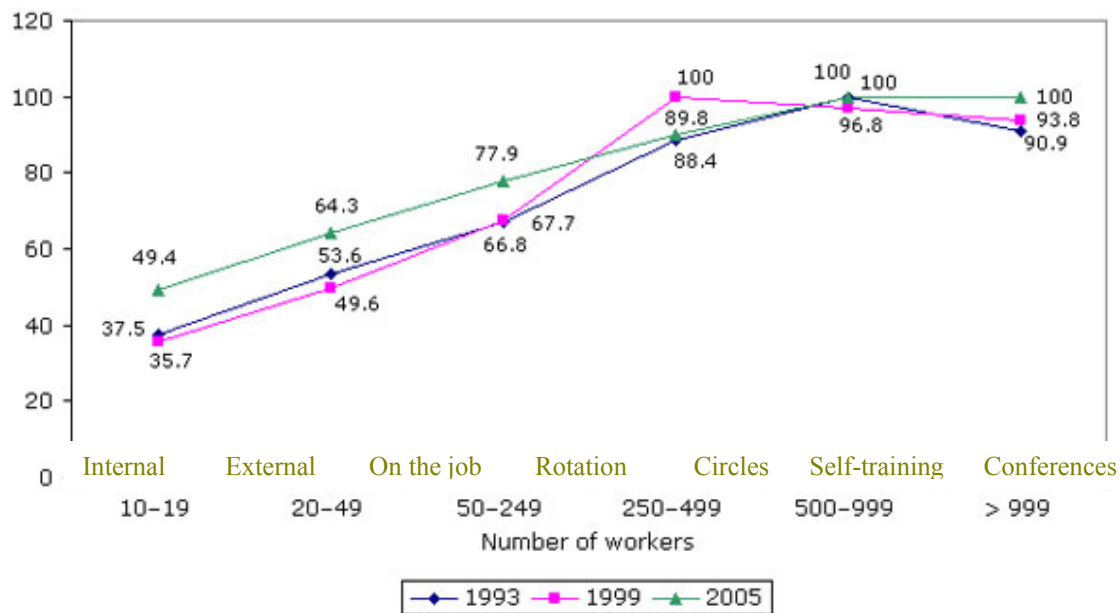
From the perspective of company size, a linear increase is found in all types of training as the number of workers rises. However, the largest companies appear to use self-training and on-the-job training more than small companies do. A final exception to take into consideration is training through job rotation, which remains the least used form of training for all sizes of company, except those with 250 to 499 workers, where circle-based learning is the least used training form.

## Continuing training courses

The CVT survey's main subject is continuing training courses, which is the most commonly used type of training from 1993 to 2005. Looking at all companies in 2005, 61% provided training by means of courses, while for 1993 and 1999 the proportion was only 50%; this general increase is found in all economic sectors. The growth is mainly due to the escalation of internal courses in 2005.

The relationship between the proportion of companies using training courses and the number of workers in these companies represents a linear progression, reaching the maximum of 100% for companies with 500 workers or more in 2005. This maximum was recorded among companies with 250–499 employees in 1999. In contrast, only one in two companies with fewer than 20 workers used this form of training in 2005 (Figure 5).

Figure 5: Trends in use of CVT courses, by company size (%)



### Trends in use of CVT courses, by company size (%)

Source: CVTS, 1993, 1999 and 2005

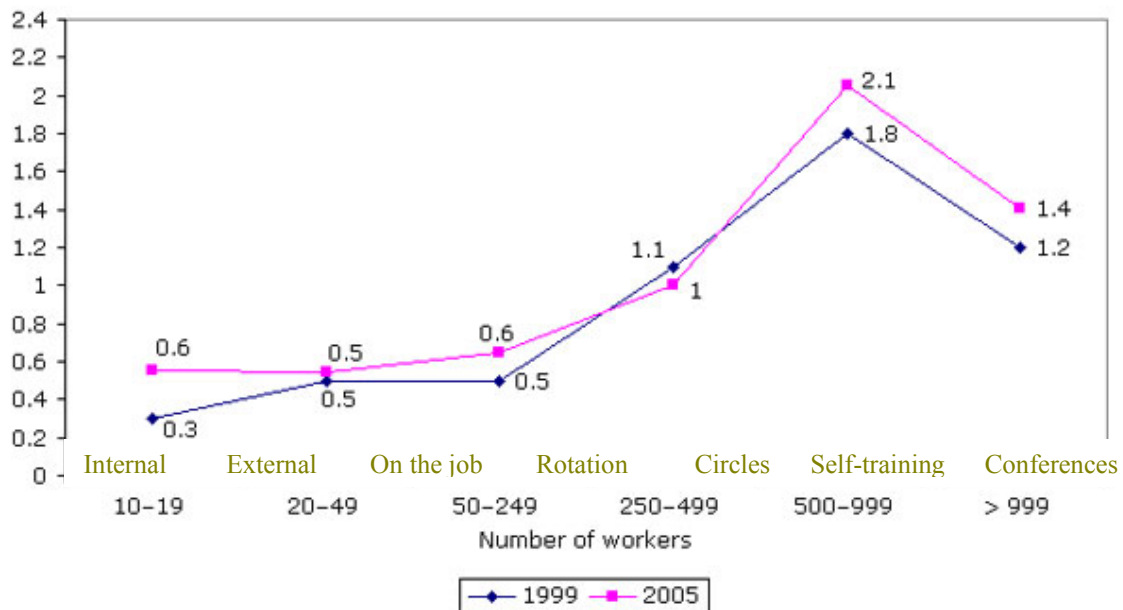
In 2005, some 49% of workers were trained by external or internal courses; this proportion represents an increase since 1999 (35.6%). According to economic sector, companies in financial intermediation use courses to train most of their personnel (65% in 2005), while the construction sector uses this method to train the lowest proportion of staff (27% in 2005).

## Training hours

The average number of training hours a year per participant on courses has declined overall since 1993. For all companies combined, this figure decreased from 39.5 to 33.1 hours: a decline of 16%. In line with this, the courses tend to last a shorter time, while the number of participants is increasing. The total number of hours on continuing training courses in 2005 represents almost 1% of working time.

Few exceptions emerge in relation to the general trend. Employees in small companies with fewer than 20 workers received more than 10 extra hours on courses in 2005 compared with 1999. Training time as a proportion of total working time for companies was stable between 1999 and 2005, with a slight increase in the smallest companies and in establishments with 500 or more workers. However, only large companies with 500–999 employees exceeded the threshold of 2% of working time spent on training – and only by a very small margin (Figure 6).

Figure 6: Trends in % of working time spent on courses, by company size



### Trends in % of working time spent on courses, by company size

Source: CVTS, 1999 and 2005

### Women's participation in training courses

Across the companies surveyed, 34% of workers were women, and 35% of people trained were also women. The distribution in terms of company size and economic sector shows no significant discrimination on the basis of gender as far as training is concerned. Only companies with 20 to 49 workers seemed to train women slightly less than men, although 40% of women in such companies received training – a higher proportion than in all other company size categories up to those employing 500 or more workers (Figure 7).



*Figure 7: Proportion of female workers and proportion of those given training, by company size (%)*



**Proportion of female workers and proportion of those given training, by company size (%)**

Source: CVTS3, 2005

**Training and specific groups**

The survey identified a total of six specific groups in order to examine whether companies provided special training for them: immigrants and ethnic minorities, persons with disabilities, unskilled or low-skilled people, those at risk of losing their job, part-time workers and people on a fixed-term employment contract. Of these six categories of workers, part-time workers were found in the largest number of companies (67.8%), followed by unskilled or low-skilled people (53%). The third most represented group were persons on fixed-term employment contracts. However, despite the significant presence of those three groups, the majority of companies (56%) offered special training to immigrants and ethnic minorities, while 42% provided training for unskilled or low-skilled workers (Table 1). This is reasonable, since these groups might be most urgently in need of training.

**Table 1: Companies providing specific training to certain groups of workers (%)**

Categories:	% of companies with employees belonging to these categories	% of companies offering special training to these employee groups
Immigrants or ethnic minorities	13.6	56
Persons with disabilities	21.6	25
Unskilled or low-skilled people	53.0	42
Those at risk of losing their job	14.2	35
Part-time workers	67.8	34
People on fixed-term employment contract	44.8	35

*Source: CVTS3, 2005*

### Subject areas

In 2005, the highest number of hours – excluding ‘Other areas’ – was spent on training in personal skills (17%) and accounting, finance, administration and office work (also 17%); these two areas thus accounted for more than a third of training time (Table 2). Compared with 1999, more time was spent on training in personal skills (17% in 2005, up from 9.6% in 1999), as well as environmental protection and health and safety (6.6% in 2005, up from 5.1% in 1999). However, training in engineering and manufacturing, which were the most common types of training in 1999 (20.1%), declined significantly to 12.7% in 2005, as did training in information technology (15.1% in 1999, compared with 9.6% in 2005).

**Table 2: Rate of training, by course subject and company size (%)**

Area of training	10–19 workers	20–49 workers	50–249 workers	250–499 workers	500–999 workers	> 999 workers	Total
Language courses	7	11	8	12	3	6	7.3
Sales and marketing	9	7	6	9	4	5	5.9
Accounting, finance, administration and office work	11	13	13	15	22	20	17
Personal skills and knowledge of the world of work	12	10	16	12	45	12	17
Information technology	22	10	12	14	4	7	9.6
Engineering and manufacturing	17	23	12	14	13	8	12.7
Environmental protection, health and safety	12	6	8	10	3	5	6.6

Area of training	10–19 workers	20–49 workers	50–249 workers	250–499 workers	500–999 workers	> 999 workers	Total
<b>Personal services</b>	4	2	2	1	0	3	2.2
<b>Other areas</b>	7	17	23	12	6	35	21.8
<b>Total</b>	100	100	100	100	100	100	100

*Note: Some of the columns in Tables 2 and 3 may add up to slightly more or less than 100% due to rounding of data.*

*Source: CVTS3, 2005*

### Training bodies

Private training operators are in increasing demand. In 2005, they organised almost 60% of external training for companies, while in 1993 and 1999 they provided 25% and 44% respectively of such training. Schools, third-level institutes, public training centres, employer organisations and trade unions carry out only a small proportion of external training (Table 3).

**Table 3: External courses, by training bodies and company size (%)**

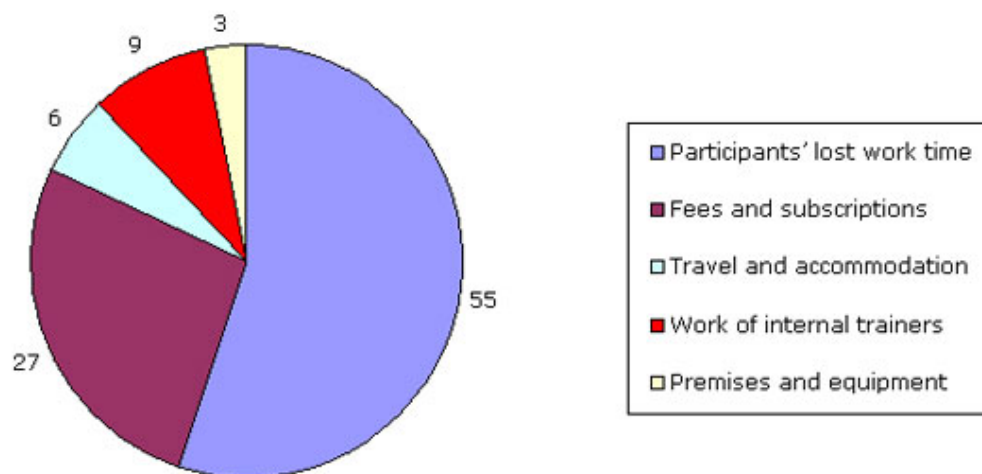
Training bodies	10–19 workers	20–49 workers	50–249 workers	250–499 workers	500–999 workers	> 999 workers	Total
<b>Schools and higher education institutions</b>	10	6	2	2	2	2	3.1
<b>Public training institutions</b>	23	7	7	4	13	12	10.5
<b>Private training bodies</b>	23	44	50	68	63	75	59.3
<b>Private companies whose main activity is not training</b>	14	24	20	20	10	7	14.3
<b>Professional chambers, sectoral bodies, employer organisations</b>	17	12	11	4	6	5	8.2
<b>Trade unions</b>	0	0	1	0	0	0	0.2
<b>Other training bodies</b>	12	5	8	2	6	0	4.4
<b>Total</b>	100	100	100	100	100	100	100

*Source: CVTS3, 2005*

## Training costs

Some 55% of the total costs of CVT are due to the work absence of the employees who attend the training courses (Figure 8). Fees paid to training bodies accounted for one quarter of expenses in 2005. This proportion is similar to that of 1993 and 1999. It is notable that the proportion of costs incurred for internal trainers has halved since 1999.

Figure 8: Breakdown of cost of CVT (%)



### Breakdown of cost of CVT (%)

Source: CVTS3, 2005

The total cost of CVT for companies amounted to €200 million in 2005, which is double that of 1999, and four times that of 1993. This sum corresponds to 2% of the overall cost of labour in companies in 2005, which represents an increase, since in 1993 it was 1.7%, and in 1999 stood at 1.75%. The investment of companies in training courses can be calculated per training hour. Therefore, the total training cost is divided by the total number of hours of training. As a result of this calculation, the companies pay an average cost of €57 an hour, which is a marked increase in comparison with 1999, when the average hourly cost was €48.

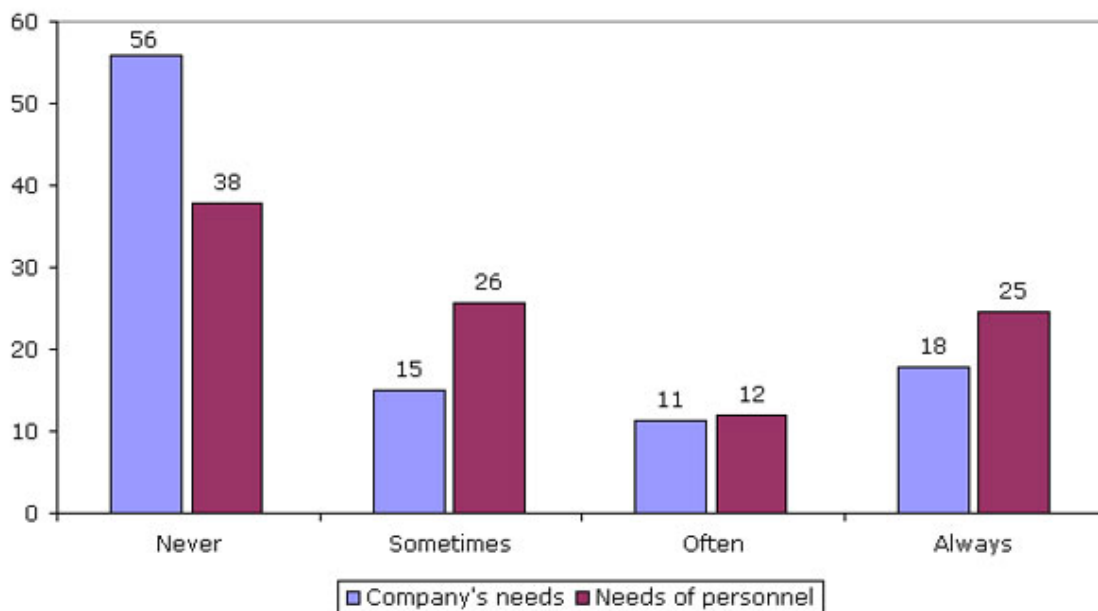
Nevertheless, costs vary somewhat between and also within sectors. The lowest hourly cost is found in the economic grouping of 'other manufacturing industries', while the highest cost is reported in financial intermediation and other services and in mining and quarrying, electricity gas and water supply. It should be noted that the financial intermediation sector has a greater variation in costs, which indicates that the hourly cost of training fluctuates considerably between one company and another.

## Assessment and impact

The organisational structure of CVT in companies has an influence on the training activities undertaken. Investment in training infrastructure can be used to predict the most common training activities for all kinds of CVT. Advance planning of CVT leads to more courses and to training by job rotation and conferences. Meanwhile, companies which apply a systematic evaluation of the impact of CVT generally tend to avail of internal courses, job rotation and quality circles.

Training needs can be assessed using structured procedures: one such method looks at the company's needs in terms of qualifications and skills required, while another strategy identifies the specific needs indicated by the personnel themselves. Figure 9 shows the proportion of companies that assess their CVT needs according to each type.

Figure 9: Companies assessing skills needs, by assessment procedure (%)



### Companies assessing skills needs, by assessment procedure (%)

Source: CVTS3, 2005

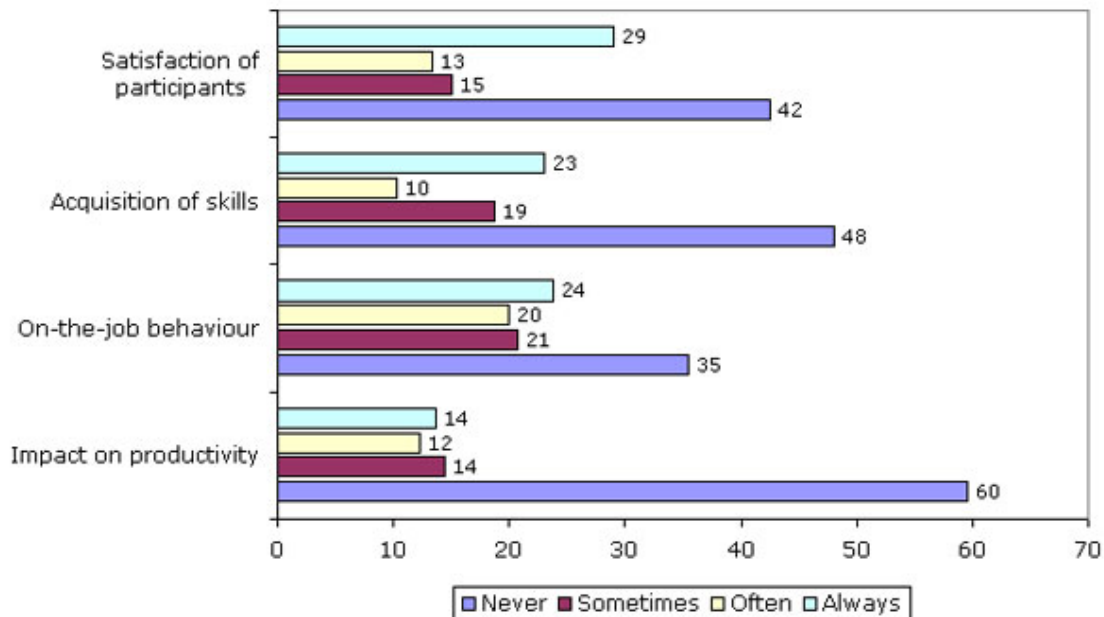
The survey reveals that more than 50% of companies providing training never evaluate the need for qualifications and skills using formal procedures. Slightly more than 60% of enterprises hold structured personnel interviews in order to determine their specific needs.

Overall, four levels of assessing the impact of CVT have been discerned:

- measuring participants' satisfaction at the end of the training session;
- evaluating the level of acquisition of the targeted skills, for example by a test at the end of the training;
- observing at supervisory level on-the-job behaviour or the performance of those trained;
- measuring the impact of training on productivity by using indicators such as production times, delivery times or reduction of wastage.

The most prevalent assessment procedure is the satisfaction of the participants. Almost 30% of the companies use this method all of the time and 13% often use it. The method which companies use the least for evaluation is measuring the impact on productivity (Figure 10).

Figure 10: Companies evaluating impact of CVT (%)



Companies evaluating impact of CVT (%)

Source: CVTS3, 2005

### Barriers to training

The most common reasons for companies not to train their workers are high workload and a mismatch in the training needs of employees and the company: 61% and 36% of companies respectively report these problems. Overall, the survey identified eight types of obstacles. It is possible to distinguish four classes of companies with different reasons for engaging in less CVT than they would like (Table 4).

- Companies in class 1 indicate that their obstacles to training are above all to do with the cost of CVT and also to a mismatch in the employees' and company training needs.
- Class 2 tends to be under-represented for all the explicitly defined obstacles, but the companies in this group believe other undefined factors to be responsible for their lack of CVT activity.
- Class 3 contains companies where the high workload of their personnel and the fact that more attention is given to initial vocational training could explain their low level of training activity.
- Finally, class 4 cites a lack of availability of suitable courses on the market, and a high workload.

**Table 4: Obstacles to CVT (% of companies reporting)**

	<b>Class 1</b>	<b>Class 2</b>	<b>Class 3</b>	<b>Class 4</b>	<b>Total</b>
<b>Cost of CVT</b>	<b>56*</b>	10	7	14	27
<b>Lack of suitable courses</b>	12	0	16	<b>77*</b>	21
<b>Difficulty in assessing needs</b>	5	5	7	45	12
<b>CVT already carried out recently</b>	17	5	14	3	11
<b>High workload</b>	43	57	<b>79*</b>	<b>81*</b>	61
<b>Mismatch in training needs</b>	<b>43*</b>	38	38	17	36
<b>More focus on initial vocational training</b>	1	3	<b>79*</b>	0	21
<b>Other reasons</b>	2	<b>100*</b>	5	23	28

*Note: \* indicates a key obstacle for the particular grouping of companies.*

*Source: CVTS3, 2005*

## Commentary

Investing in equipment and machines is essential to the development of a company. However, the genuine key to success consists of investing at the same time in personnel, experience and competencies. The [Law of 22 June 1999 \(in French, 86Kb PDF\)](#) on CVT, which came into effect on 1 January 2000, envisaged the support and development of CVT as one of the strategic levers for the growth and competitiveness of enterprises. Companies in Luxembourg can benefit from state financial assistance for their investment in CVT.

Five years after the law came into force, the situation remains more or less stable. Compared with the figures in 1993 and 1996, the number of companies providing CVT has increased. The rate of enterprises giving training is relatively high: 71.8% of all companies provided CVT of one form or another in 2005, as did 71.3% in 1999. In terms of economic sector, financial intermediation and other services provide the most training, along with companies in mining and quarrying and in electricity, gas and water supply, as well as manufacturing industries.

While 64% to 73% of companies with fewer than 50 workers offer training, almost all of those with more than 250 workers do so. These results are consistent with 1999. Training time as a proportion of total working time for companies remained stable between 1999 and 2005, with a slight increase in the smallest companies. The total number of hours spent on continuing training courses in 2005 represents almost 1% of working time.

External training courses, on-the-job learning and participation in conferences remain the main types of training used by companies. Almost 75% of enterprises now use external courses to provide training, making this the most popular form. Under the supervision of the Ministry of Education and Vocational Training ([Ministère de l'Éducation nationale et de la Formation professionnelle, MEN](#)), the National Institute for the Development of Continuing Vocational Training ([Institut National pour le développement de la Formation Professionnelle Continue, INFPC](#)) is the public body responsible for promoting CVT and supporting companies in their search for state financial assistance towards investment in this area. The institute has developed a [portal website](#) where the training needs of companies and the offerings of training institutes can be matched.

Nevertheless, in light of the increasing lack of time and shortage of personnel, attention should also be given to other types of training, including the use of information technologies such as e-learning tools and computer-based interactive training modules. At the same time, the training demand in specific target groups, such as small enterprises, or in particular economic sectors, such as the construction sector, should be identified – and the ways to respond to this demand. A diversification of the training supply could make vocational training more attractive for such companies, by creating training conditions in line with their actual needs and the needs of their employees. The success factors of requested training programmes and types of training need to be assessed in order to adapt and broaden the provision of training.



## **Annex: Survey methodology**

The study methodology follows the [CVTS3 European Union Manual \(1.4Mb PDF\)](#), in which the sampling, data collection and extrapolation are described. Use of the same questionnaire for the survey in companies throughout Europe makes it possible to benchmark the training efforts of enterprises in the different European countries.

The survey covers companies with at least 10 workers, from all sectors of economic activity apart from: agriculture, forestry and fishing; education; health and social work; household activities; and public administration. A total of 3,684 Luxembourg companies met the criteria for the CVTS3. The sample included 1,284 companies, employing a total of 219,860 workers, and is representative in terms of economic sector and company size – that is, number of employees. In this way, it is possible to draw conclusions on a representative basis. The companies were first contacted by telephone, followed by a face-to-face interview.

### **Continuous vocational training (CVT)**

General training forms of CVT are characterised by:

- a pre-arranged location;
- a classroom or training centre;
- internal or external provision, either by teachers from within the company or by those from another institute.

Other forms of CVT fall into five categories:

- training in the workplace or on-the-job training;
- training through planned rotation of people in different posts, exchanges, secondments to other companies or study visits;
- training through learning circles or quality circles;
- self-training, such as distance learning, video or audio supports, or internet courses;
- participation at conferences, workshops, commercial fairs or lectures.

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