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## **Continuing vocational education and training in Austria and in an European comparison**

In accordance with the European targets of the Lisbon Process, the importance of continuing vocational education and training (C-VET) for the knowledge economy is getting more and more evident. Here it is mainly vocational adult learning that is shifting into the focus of future-oriented policy. Educational research offers help and benchmarks; it shows up current trends, the demand of employees and companies, as well as efficient starting points of subsidizing in the form of facts and international comparisons. Yet, these international comparisons have to be seen against the background of the general qualification strategies of the respective countries. The present study ([ibw-research report No. 126](#)) puts the results of certain international surveys and comparisons in an Austrian perspective and gives an overview of international strategies and policies to promote on-the-job training.

Comparative surveys and statistics on various aspects of the education system of the member countries are an important tool of policy development in the course of European Integration - especially through the method of "open coordination" (setting common goals, action plans and reports on the basis of indicators). In view of the fundamental aims of a common market and the mobility of its people in jobs, this is also important to increase the transparency of the education systems, and thus to foster a positive understanding of the diversity in the national systems of education and further training.

In 2003 and 2004, significant studies on continuing vocational education and training (CVET) in Austria and Europe were published (CVTS-2 and the micro census on lifelong learning), as well as the *Country Note* that followed the OECD thematic review on adult learning in Austria. On the basis of this, the present study deals with a comparative analysis of continuing vocational education and training (cvet) in Austria. Thematically speaking, this spans issues between branch-specific participation

figures and promotion models in other European countries.

### ***We advise caution when interpreting country rankings, as educational systems differ greatly***

The *Continuing vocational training survey 2 (CVTS-2)* investigated continuing vocational education and training (CVET) in certain European countries in 1999, dealing with companies that employ ten or more people. The percentage of companies actively engaging in CVET in Austria was above EU average (72 percent compared to 54 per cent). The percentage of employees that went through training in the form of courses (paid by the company, 31.5 percent), however, was clearly below EU average (40 percent). Germany has a merely slightly higher percentage (32 percent), while Scandinavian countries are in the lead regarding further training percentages (Sweden displays the highest value at 61 percent). These countries differ from the rest mainly in their educational systems, but also in their economical structure.

FIGURE 1:

**CVET data and national economic indicators**

On-the-job training in companies with ten or more employees in one year (1999)	Austria	EU-15	deviation
Companies actively involving in courses	71 %	54 %	17
Percentage of course participants among employees of all companies	31 %	40 %	-9
Rate of unemployment (2002)	4,4 %	8,0 %	-3,6
GDP per capita in EUR to purchasing power parities (2002)	26,600	24,000	2,600
Participation in education and further training (2003)	12.5	9.7	2.8

Source: Eurostat; Austria Statistics; Economic Chamber of Austria; our own calculations

The statistical ‘backlog’ of Austria’s rate of training participants in the CVTS-2 compared to EU average results from differences in the whole qualification strategy and should not automatically be considered a deficit. CVET has to be seen in connection with the *Initial Vocational Education and Training system (IVET)* and the effects of IVET and CVET together on the labour market and the economic performance, so as to be able to make realistic comparisons.

The CVTS-2 survey, for example, excludes vocational training that begins before the employee reaches the age of 20. It is a fact, however, that more than 60 percent of all young adults in Austria hold a degree from vocational training that lasted several years – five years in the case of Higher technical and vocational colleges. *Countries that do not boast a strong orientation towards initial vocational education training (apprenticeship, intermediate and higher technical and vocational colleges) and therefore cannot be compared to Austria, have to compensate this difference by means of inhouse training and other forms of CVET.*

Structural change is yet another factor of explanation. Sweden, for example, being the country with the highest percentage of computer users (72 compared to 42 percent in Austria) has the highest rate of course participants in CTVS-2 (61 percent); simultaneously, computing takes up 23 percent of all course time, which is absolutely top. One can expect the CVET-participation rate to have risen until 2004 and to be doing so still, due to demands of qualificational adaptation and structural change.

All in all, the break down of course attendance figures by branches shows a clear interdependency between

knowledge intensity and CVET participation rates. Even though the course-related participation rates vary significantly within the economic sectors, one can plausibly prove the diagnosis that the demand for CVET rises with the ‘informatisation’ and ‘tertiarisation’ of work. This also holds true for the tertiary sector, regardless of striking differences within.

***In 2003, the structural indicator ‘lifelong learning’ in Austria was above EU average***

As regards the structural indicator “participation in lifelong learning” (formal or non-formal course attendance within the last 4 weeks prior to the survey), Austria held a position above EU average in 2003 (12.5 percent compared to an average of below 10 percent in the EU); therefore, the target for 2010 was already reached.

‘Catastrophe reports’ that rely on European rankings are thus not appropriate, if they do not include a sufficient analysis of the context. The experts from the OECD that visited Austria in 2003 to critically analyse Austria’s adult learning, did not rely on country rankings that lacked clarity; much more, they investigated it on site and collected data regarding the true situation in Austria. They neither located a lack nor a deficit of vocational upgrade training offers, and they found the charges reasonable.

***The Austrian economy plays a leading role as an education provider, and the expenditures in CVET are highly efficient***

Training investments of companies show high efficiency as regards the rate of course participants: the per capita costs for course participants are about ¼ below international average. In Austria, spending one percent of labour

costs on CVET resulted in training 24 percent of all people in jobs – in the EU, the average was 17 percent. All across Europe, the rate of external training drops as the size of the companies grows. The relationship is to a high degree evident: small and medium-sized companies lack infrastructural possibilities and suitable staff to do internal training; there is thus a need for external counselling and CVET offers. In Austria, the percentage of external course hours among all course hours taken was significantly higher in 1999 in the smallest businesses (10 to 19 employees), with 72 percent compared to an average 62 percent in the EU. 56 percent of all company financed CVET units in Austria were internal courses in 1999, while the EU average was 58 percent. Please note, however, that a significant part of training units was held in parent/associate companies or equipment suppliers.

The importance of CVET provided by organisations close to employers is highest Germany and Austria (about 20 percent compared to 7 percent in the EU-average). Here, one can hardly overlook the interrelation with the prominent apprenticeship and master craftsman examination' in these countries.

### ***Yearly rate of CVET participation has risen from 12 to 32 percent since the 1980s***

Despite the lack of exactly comparable surveys, we can assume that participation in CVET has risen since the mid eighties.

Austria Statistics applied the structural indicator of life-long learning also to the last 12 months before the survey. In summation, there results a participation in formal and non-formal education and training of approximately 27 percent of the resident population (25 to 64 years). As regards employed people (25 to 64 years), a participation rate in training and education of 32 percent was found (June 2002 to June 2003). An OECD study used an estimated 26 percent of yearly participation in CVET of the labour force. Austria Statistics calculated the yearly participation rate in job related training courses to have been 12 percent in 1989, or 24 percent over four years.

44 percent of all employed course participants said that their training had been funded by their employers. Second came the provinces (Vouchers) as regards direct funding (7 percent), followed by organisations of the social partners (6 percent) and the local communities (1.7 percent,). In addition to this, there are *tax deductions*; finally, 31 percent of all people in jobs pay for their training themselves.

Austria does not witness a significant lack of qualified workforce – with the exception of a few branches – and the degree of vocational upgrade training is seen to be sufficient. Yet, we are facing a situation that calls for a sharp increase in CVET of the number of people in jobs in the near future. Demographic change and altered qualifical requirements (technological change and knowledge economy) pose a challenge for Austria to strengthen both vocational in general as well as in-house training.

### ***At the age of 50 it is too late: continuing education and training and retraining should take place in due time***

Long-lasting participation in CVET and broad social access to it has to set in much earlier than in people's fifties. Here, there are two points that are essential. On the one hand, the educational attainment of the population has to be raised by making people's initial education and training routes more flexible and job-accompanying and by "modularising" (putting into sequential and optional units) it. On the other hand, awareness has to be raised, and public incentives have to be offered so as to make people more aware of the importance of managing their own qualification in their middle years. This includes brushing up outdated skills and strengthening basic qualifications. It is a matter of continuing education and training or retraining in due time, as people should obtain a competitive qualification by the end of their forties. It is evident, however, that up-to-date qualification is a necessary but still not a sufficient prerequisite that guarantees a job for older people. Other general conditions, such as flattening the salary curve, are no less important.

The existing incentives for companies and people in jobs are a good starting point for training and upgrade training and education. So as to guarantee for wide regional and social access to basic qualification for our information society, we will have to maintain and flexibly develop a sufficient offer of adult education. This can make sense either through project promotion, or - wherever it is successful - by structural funding. There is no need for more policy measures which aims at regulating the companies' training engagement – neither on the basis of comparisons with training and labour market data of other European countries, nor on the basis of recommendations of the recent OECD country note concerning Austria.

The question of **basic qualifications** for the knowledge and service society is discussed in Austria only as regards compulsory schooling; possible shortcomings re-

garding adults are hardly talked about. This is due to the fact that there is hardly any data available on functional illiteracy or lacking basic knowledge in maths. We have to shift more into focus the question of basic qualification of adults; a subject the OECD country check-up criticized as well. Future tasks of prime importance will therefore be *initiatives to boost the basic qualifications* (reading, writing, calculating, communicating, and computing) among youths and adults alike. One can assume that thirty percent of all adults or more have only limited reading capability – which results in poor preconditions for their participation in continuing training or retraining.

Moreover, new ways of informing and guiding people who have problems accessing adult education are called for. This is to say, rural regions should set up primary information centres in community councils, for example. More than 40 percent of all unskilled labourers and 35 percent of all skilled workers consider themselves not adequately informed about the possibilities of CVET.

To focus discussion on big companies only is not very effective. In 2003, merely 24 percent of Austria's people in jobs worked for companies that offered internal training facilities. Regional foci and activities to explore the need for CVET are a must (besides information on adult education and public subject subsidizing), so as to provide small and medium-sized businesses and people in jobs with information and advice, and if necessary resources, where these are needed.

The main source for **financing CVET** in Austria are companies. The financial contributions of the state come mainly in the form of direct subsidies to adult training providers. Targeting the demand side has recently become more important via (a) tax benefits for companies and individuals, and (b) direct subsidies to learners by means of training vouchers. Both approaches allow for a focus on specific target groups and topics (also for a limited period of time, so as to evaluate the effects). An example of successful focusing on the demand side (i.e. learners) are the 'training accounts' run by the provincial government of Upper Austria: public funding and participation in continuing training and education were higher there than in any other Austrian province in 2003.

The training accounts of Upper Austria together with policy developments in European countries provide important benchmarks for the development of an Austrian strategy and policy of lifelong learning.

Many European countries have been developing interesting strategies and instruments for financing and promoting continuing vocational training by companies. The instruments applied differ significantly and range from compulsory contributions (such as in France, Spain, and Belgium) to innovative incentive systems via the tax system or learning accounts (Austria, the Netherlands, Luxembourg, Great Britain). Even though not all of these examples are 'examples of good practice', they are 'good examples of practice' which should receive attention, be it as concrete benchmarks or as warnings of developments and directions Austria should not take.

The international discussion and practice can be summarised as follows: Policy strategies in many countries are shifting from direct subsidisation and direct regulation of training providers to co-finance schemes that address the demand side i.e. businesses and individuals. Innovative examples can be found in Great Britain, the Netherlands, and Sweden, where individual training accounts have been developed and tested. Tax systems may also play an important role in increasing the demand and to set incentives for more training. The Austrian tax allowance for investments in training by companies ("Bildungsfreibetrag") is internationally regarded as being an example of good practice in this context (cf. OECD Employment Outlook 2003).

The unabridged text of the study (188 pages; German version only) can be obtained from the *ibw*, where it was recently published as *ibw-research report No. 126 [ibw-Forschungsbericht Nr. 126]*, ISBN 3-902358-21-1.

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