



Lessons from the implementation of training and retraining programmes in response to the Great Recession

This research brief examines what countries have learned from the implementation of training and retraining programmes as part of their recovery strategies in response to the global economic crisis of 2008–09. The brief summarizes the findings of studies of experience in nine countries – Belgium, Canada, Germany, Republic of Korea, Peru, the Philippines, South Africa, the United Kingdom and the United States (Hansen, 2012). The findings presented here show how training and retraining can form an integral part of effective crisis response strategies; although, in the absence of impact evaluations, these findings must be considered provisional, they nevertheless offer useful indications of the factors behind both success and difficulty in implementing such measures.

What was the ILO's advice on training during the Great Recession?

Since the crisis began in 2008, the ILO has been helping member States find ways to limit its economic and social costs, and speed an employment-led recovery. In 2009, the ILO adopted the Global Jobs Pact (GJP), which proposes a set of policy measures to stimulate economic recovery centred on investment, employment and social protection (ILO, 2009). Prominent among them is investment in developing

workers' skills – to help people into work, to avert or minimize job loss, and to prepare the labour force to take up new jobs in the future (box 1). The GJP emphasizes that particular attention should be given to targeting these efforts at people who risk being excluded from the labour market, and advocates the design and implementation of training measures through social dialogue.

Box 1. The Global Jobs Pact: Policy priorities on training and skills development

Investing in skills development and training aims to:

- accelerate the re-employment of displaced workers into productive and decent work;
- upgrade workers' skills during business downtime as an investment in future productivity and competitiveness; and
- train workers for the kinds of jobs created by stimulus packages so as to maximize the number of jobs created and to avoid skill shortages that would delay implementation of public investment schemes in physical infrastructure and public services.

The ILO supports skills development to improve the employability of workers, the productivity of enterprises and the inclusiveness of economic growth.

Can training and retraining programmes help during an economic downturn?

Training and retraining programmes have become important components of labour market policies to counter cyclical pressures on the labour market (Cazes et al., 2009). They aim to keep people in jobs and also to help provide a pathway back into employment for those who have lost their jobs.

Increasingly, policy-makers and social partners are recognizing that during times of crisis, training and retraining programmes can:

- function as an economic stabilizer;
- help address underlying skills gaps; and

- ensure that the unemployed remain connected to the labour market.

In an economic downturn, the main question that arises in this context is typically: 'Training for what? But a second question is also of critical importance: How is training to be made an integral part of an adequate package of labour market measures that together can respond effectively to the needs of workers and enterprises?

It is in the nature of economic crises that governments at all levels typically have to operate within restricted budgets, making it all the more imperative to demonstrate the benefits of training programmes.

How has past and recent experience informed countries' use of training and retraining programmes as part of their crisis response?

Not only developed economies, but middle- and low-income countries have gradually become better prepared to moderate the effects of cyclical downturns on employment. Over the past three decades, government responses to economic shocks have repeatedly included training programmes. The instrumental capacity of governments and social partners to put into practice measures for skills development and job preservation has evolved in parallel to structural changes in the labour market. An overview of the major shifts in the focus and provision of job training programmes over this period is presented in table 1.

The expertise gained over the years prepared policy-makers to deal with the negative effects of the Great Recession on employment. Most governments focused on ensuring a more effective and timely use of available resources and tended to adapt, reorient and expand existing employment and training programmes rather than on creating new ones on an emergency basis.

Countries' experience of responding to the economic and employment crisis that began in 2008 has added important new insights to those generated from previous crises. These are set out below under six key themes.

Table 1. Evolution of job training programmes triggered by structural changes in the labour market (1980s to early 2000s)

| | 1980s | 1990s | 2000s |
|-------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Structural changes accelerated by crisis | <ul style="list-style-type: none"> • Large-scale deindustrialization; skill-biased technical change (reduced demand for manual workers) • Labour market structural reforms (in OECD and developed economies) | <ul style="list-style-type: none"> • Trade liberalization • Changes in the demand side of the labour market • Recognition of the importance of a skilled labour force in improving competitiveness | <ul style="list-style-type: none"> • Transition to a knowledge-based economy • Skills upgrading towards higher value-added products and services • Increased demand for skills considered essential to employability |
| Objective of job training | <ul style="list-style-type: none"> • Adapting the job skills of the labour force | <ul style="list-style-type: none"> • Increasing competitiveness and labour force productivity | <ul style="list-style-type: none"> • Enhancing people's employability |
| Agents responsible for delivery | <ul style="list-style-type: none"> • Mainly central government | <ul style="list-style-type: none"> • Government working in partnership with the private sector within more decentralized schemes for delivery | <ul style="list-style-type: none"> • Broader and more flexible partnerships better able to respond to specific local needs |

Source: Hansen, 2012.

1. Impact of the economic cycle on training programmes

Experience from the past

Training programmes and refinements of operational capability are better introduced in the context of an upswing, when economic conditions are more favourable.

Lessons from the current crisis

Countries' response capability depended on having *programmes in place that could be scaled up quickly*.

Leveraging existing training programmes channelled additional funding authorized under emergency measures faster and more efficiently than creating new ones.

Policy coordination and collaboration between stakeholders, government agencies and training providers were critical to scaling up existing programmes during the economic shock as labour market conditions changed rapidly.

The capacity to assess the impact of training and retraining programmes provided information valuable in understanding the effects of programmes at different phases of the economic cycle and in improving institutional adaptability.

2. Advantages of on-the-job training schemes

Experience from the past

Programmes that were demand-driven and involved employers in the design and delivery of training at the workplace produced more immediate results.

Lessons from the current crisis

On-the-job training delivered more immediate results because content could be tailored to employers' skill demands and provided opportunities for tacit learning or application of knowledge. However, it was also recognized that classroom training was valuable in upgrading the job-related skills of specific groups (e.g. the long-term unemployed).

3. Comprehensive and integrated delivery of training programmes

Experience from the past

Training and retraining were connected with other labour market interventions and employment services.

Lessons from the current crisis

More comprehensive and integrated interventions enabled governments to achieve economies of scale when addressing the barriers to work facing unemployed people.

Connecting training initiatives with pre-training counselling services increased post-training employment rates. In most cases, public employment services were well positioned to supplement and enhance existing programmes, given their experience in managing various types of active and passive labour market measures, their expertise in analysing labour market information and their nationwide service delivery networks.

Accrediting the competencies gained by beneficiaries of job training programmes implemented as part of stimulus packages helped to improve their employment prospects and stimulated future participation in job-related training.

4. Public–private partnerships

Experience from the past

Partnerships had a positive effect on the implementation of training, the delivery of complementary services through public employment services, and the mobilization of resources and networks.

Lessons from the current crisis

Increasing resort to contracting out service delivery to private agencies (both for-profit and non-profit) enabled governments to supplement or enhance crisis response programmes and deliver more flexible market-oriented training. Contracting out services, however, demanded more sophisticated management practices and safeguards on the part of government managers.

5. Relevance of training to labour market demand

Experience from the past

Training programmes responsive to current or anticipated labour market requirements were more likely to improve the job prospects of participants.

Lessons from the current crisis

Availability of high-quality labour market information was considered essential for the operation of strong labour market programmes. Maintaining close relationships with employment services, training institutions and enterprises also enabled governments to better understand and respond to employers' evolving skill needs.

Trade unions and employers' organizations alike signalled the need to include a long-term perspective in the design of job training interventions to ensure responsiveness to future skill needs.

6. Importance of targeting beneficiaries of training programmes

Experience from the past

Training programmes worked well when both their objectives and the limitations on what could be accomplished were clear to policy-makers and to stakeholders involved in implementation.

Lessons from the current crisis:

Well-targeted training programmes resulted in more cost-effective support for groups most seriously affected by the crisis, including displaced and low-skilled workers, young people, older workers, women and migrant workers. In most cases, public funds were required to ensure participation, disbursed through training grants, wage subsidies and/or unemployment benefits. Special attention to better targeting of beneficiaries was necessary in order to avoid participation exclusively based on accessing income support.

Temporary arrangements for reducing regular working time and wages in combination with job training also functioned as a way of avoiding the loss of full employment and income for many workers. These measures allowed employers to retain qualified workers and use downtime to upgrade skills. When lay-offs could not be avoided, participation in these schemes helped to prepare workers for new jobs created in the recovery. Nonetheless, the imposition of time limits was necessary to ensure that work-sharing schemes were a temporary measure and did not prevent inevitable structural adjustments.

How prominent have training and retraining programmes been during the Great Recession?

During the Great Recession, overall spending on labour market programmes constituted an important, but still a minority component of crisis response stimulus packages. According to the ILO's survey of 65 advanced, emerging and developing economies, 11.7 per cent of crisis response stimulus measures in advanced economies and 5.1 per

cent of the corresponding measures in emerging or developing economies was devoted to active labour market programmes (see table 2). Much higher proportions of the crisis response measures were devoted to infrastructure spending, tax cuts and other measures to increase aggregate demand (IILS, 2011, table 2.1, p. 39).

Table 2. Composition of stimulus spending in the Great Recession (%)

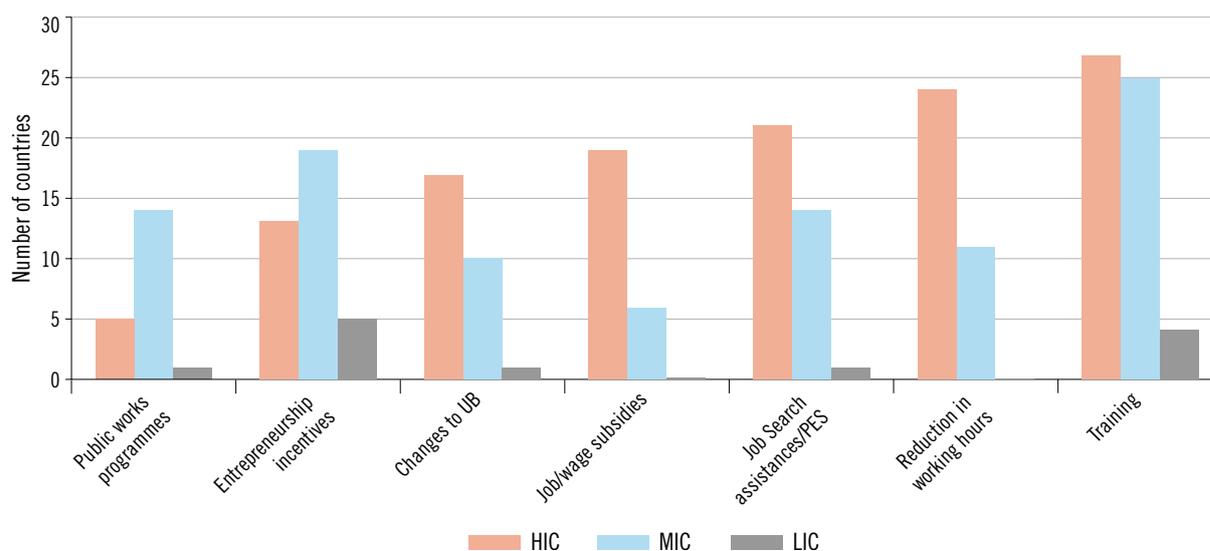
| | Advanced economies | Developing and emerging economies |
|----------------------------------------------------|--------------------|-----------------------------------|
| <i>Stimulus as a percentage of GDP</i> | 3.9 | 7.3 |
| Components of stimulus (as % of whole) | 11.7 | 5.1 |
| Labour market measures | | |
| Transfers to low-income individuals and households | 10.6 | 6.1 |
| Infrastructure spending | 20.8 | 37.2 |
| Tax cuts | 26.8 | 15.4 |
| Additional measures to boost aggregate demand | 30.0 | 36.1 |

Source: IILS, 2011, based on national sources (includes 24 advanced economies, 29 developing and emerging economies, and 12 Asian economies). Figures are weighted averages by GDP.

Training and retraining programmes were typically implemented in combination with other labour market programmes. These varied significantly among countries, as figure 1 shows. In high-income countries, training (including apprenticeship and work experience, and targeted at those already unemployed or threatened with lay-off) was the most common policy response. The next most frequent strategies used were reductions in working hours, increased

job-search assistance and job or wage subsidies. Least commonly used were public works programmes. In low- and middle-income countries training was also the top choice, but here it was followed by increased job-search assistance, entrepreneurship incentives and public works programmes. All these types of programme were markedly less prevalent in low-income than in middle-income countries (Cazes et al., 2009).

Figure 1. National labour market policy responses to the global financial crisis (2008–09), by income level of country



Notes: World Bank classification of countries (HIC= high income countries, MIC = middle income countries, LIC = low income countries); UB = unemployment benefits schemes; PES = public employment services.

Source: Cazes et al., 2009.

How have countries used training and retraining programmes as part of their crisis response and recovery strategies?

The experience of a sample of countries in implementing training and retraining programmes as part of their response to the Great Recession sheds some light on the enabling factors and common pitfalls that policy-makers and practitioners confronted, as well as some of the programme innovations introduced. The major observations are grouped below under the three policy priorities for worker training in the Global Jobs Pact (see box 1 above).

1. Training to accelerate the re-employment of unemployed or displaced workers

- The job training and retraining programmes implemented to help unemployed and dislocated workers get back into jobs were largely financed by governments. Training support was provided to connect workers affected by the crisis with existing jobs and at the same time address labour shortages. For example, in the Flemish region of Belgium, training was organized only in those occupations already experiencing shortages or where future job growth was projected, such as those in the metals sector, construction, transport, the social sector (not-for-profit organizations), logistics and energy distribution.
- Governments also improved their partnerships with employers to inform themselves better about firms' job requirements and expectations of recruits. Collaborative relationships with educational

institutions and training providers were also strengthened. In the Philippines, the Pangalong Gloria Scholarships were financed by public revenues to deliver technical vocational education and training in those occupations where employer demand was highest.

- Particular emphasis was placed on using training during the crisis period to increase labour market participation, particularly among under-represented target groups. The initiatives implemented by the Canadian provinces of British Columbia and Alberta focused on extending support services to low-skilled workers affected by the crisis such as youth, women, aboriginal workers and immigrants.
- Training programmes also aimed to offer opportunities for progressive skill development to low-skilled workers and the long-term unemployed. In the Republic of Korea, the introduction of Individual Training Accounts in 2008 enabled the Government to promote client-centred and market-friendly training practices while keeping records of individual training histories to track workers' progress and facilitate more integrated management of training programmes.
- Most governments allocated additional funds to expand existing training programmes and complementary services. Institutional arrangements in Canada were quite effective in transmitting additional stimulus funds smoothly from the federal to the provincial level. Even so, the Canadian researchers suggested that it might be useful to develop a training fund to be held in reserve to use as a counter-cyclical funding source in the event of a future crisis.
- Scaling up capacity to serve more clients and expand training opportunities at short notice depended not only on the availability of funds but on technical capacity and readiness both to change how programmes work and to implement new legislative provisions. The federal Government in the United States channelled additional funds to states and local administrators to scale up employment and training programmes under the umbrella of the Workforce Investment Act 2008. Even so, at the local level some One-Stop Career Centres lacked the staffing and resources to provide the services and assessment required to enable individuals to access training.

2. Training to upgrade workers' skills during business downtime

- Governments, enterprises and workers collaborated in implementing work-sharing schemes as a way to preserve jobs and enable workers to retain some, albeit reduced, income (Messenger and Rodríguez, 2010). A number of middle-income countries, notably in Eastern Europe and Latin America, initiated work-sharing programmes around the time of the economic downturn. However, despite efforts to incorporate training activities into work-sharing, this option was not used on a large scale, even in countries where such mechanisms were well established. In Germany, for example, estimates made by the Federal Agency for Labour showed that only 8.6 per cent of reduced working hours available to German enterprises were used for training in 2009 and 21 per cent in 2010. The German programme faced some practical difficulties in organizing training during business downtime while at the same time allowing employers sufficient flexibility to adjust training hours according to business demand for working time.
- The effectiveness of the training schemes provided through short-time working arrangements was strongly correlated to the degree of cooperation among management, trade unions, public employment services and training providers. In some contexts a sectoral approach helped in providing support to enterprises facing current difficulties and ensuring the long-term viability of training plans. In the United Kingdom, the short-time working programme with a training component introduced in Wales was well designed and smoothly implemented owing to an efficient and continuous dialogue between local government, sectoral bodies, trade unions and companies; private sector providers were also better placed to offer flexible and targeted training to beneficiary companies.
- Good institutional preparations and promptness in response to crisis conditions were key elements in the successful implementation of training during business downtime. The Training Layoff Scheme in South Africa came into operation only in January 2010, by which time many of the lay-offs had already occurred. This delay was caused by the complex design of the programme and the lack of institutional capacity to coordinate the actions of various government agencies.

3. Training to prepare workers to take up jobs created by stimulus packages

- Many countries attempted to stimulate aggregate demand by injecting public funds into infrastructure development and “green jobs” initiatives. A number of the green jobs initiatives, particularly in Asia and the Pacific (Australia, China, the Republic of Korea, the Philippines), were fundamentally public works programmes established to provide income support for lower-skilled unemployed workers. However, other projects increased demand for higher-skilled workers and included some element of related training.
- Some of these training programmes took considerable time to get under way, compared to other crisis response training measures, as they involved a tendering process that required evaluation of proposals from community-based non-profit-making agencies, vocational schools and higher education institutions (Mass et al., 2010). The US Green Jobs Programme funded through the American Recovery and Reinvestment Act 2009 was implemented more slowly than other training programmes financed by the Act owing to the competitive grant processes governing the allocation of training funds under various schemes, including the State Energy Sector Partnership and Training, Pathways Out of Poverty, Energy Training Partnerships, State Labour Market Information Improvement and Green Capacity-Building grants.
- In other countries, there have been broader initiatives to train workers for jobs in emerging growth sectors and to better align training initiatives to the needs of industry. Countries also worked in scaling up complementary services such as counselling and job placement. In Peru, measures for training and retraining executed through the Vamos Perú programme (formerly called Revalora) aimed at limiting job losses by increasing the employability of workers directly affected by the economic downturn. Displaced workers received job placement support and certification of labour competencies to help them move to expanding economic sectors, including those growing as a result of public investment.

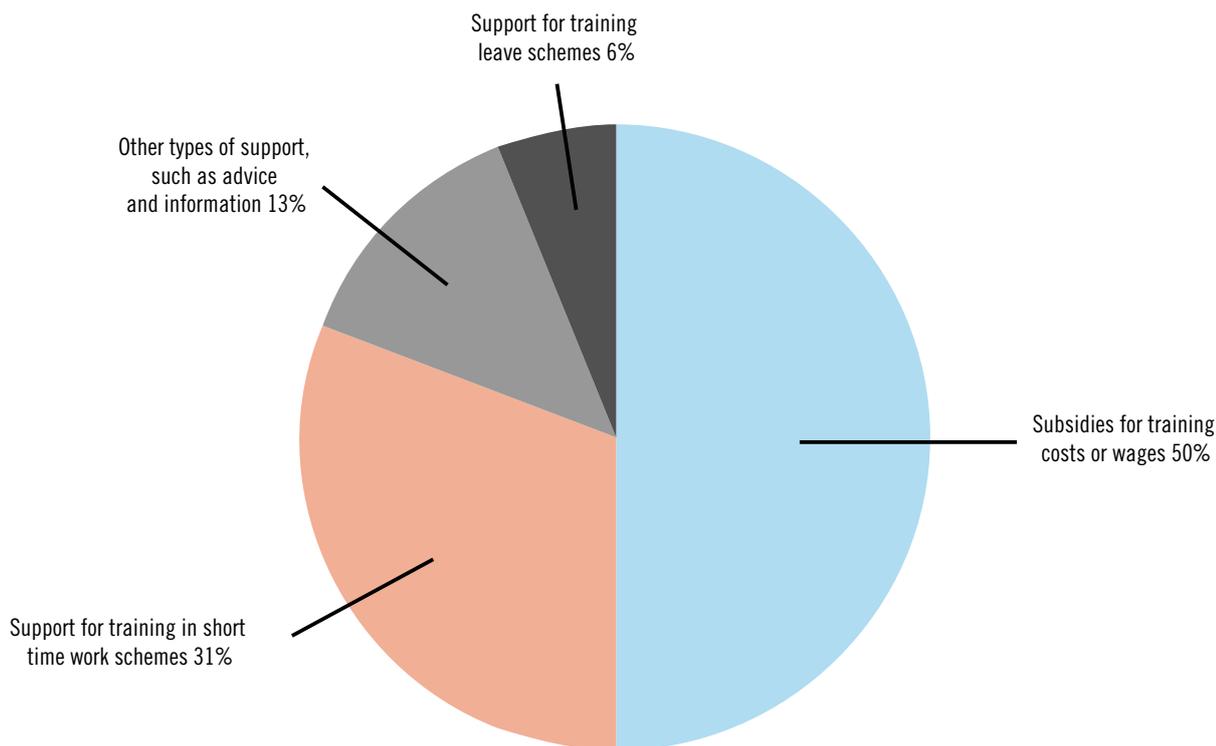
What training mechanisms were used by employers?

The midst of a global economic crisis is a challenging time for any enterprise to embark on investment in skills development. Even so, employers made efforts to offer workers opportunities for training by, for example, adopting less expensive training methods such as internal training and online courses. In Europe, the scope of supported training varied from general (e.g. developing transferable skills) to company-specific. Enterprises involved in knowledge-intensive sectors, multinationals, medium and large enterprises were more active in training during the Great Recession than small enterprises.

Training for employed workers in the private sector was in most cases offered only where some funding

was available through public training support schemes. For example, in Denmark, 39 per cent of enterprises increased training activities as part of their strategy for tackling the crisis (Eurofound, 2011), supported in part by a wage subsidy provided to employers through the Danish Adult Education and Continuing Training System. Governments tended to support training activities connected with explicit public policies in selected sectors and to encourage development of transferable skills. A review carried out by Eurofound revealed that in most EU countries public subsidies were the largest form of support for training employed workers (figure 2).

Figure 2. Public training support schemes for employed workers in EU countries



Source: Eurofound, 2011.

How have the social partners been involved in training and retraining programmes?

Times of crisis call for rapid decision-making, and this is facilitated by good social dialogue. Although trade unions and employers' organizations were not often directly involved in the management of training programmes, in a number of countries they were active in shaping policy initiatives and in providing feedback on the operation of programmes. In addition, while governments were preoccupied with short-term considerations, in several countries both trade unions and employers' organizations played an important role in providing a longer-term perspective on the value of investment in human capital for sustained and sustainable economic growth.

While the social partners agreed on the importance of training and skills development as a component of the crisis response, trade unions and employers' organizations tend to have different views on where responsibility lies for providing and paying for training. In general, they agree that greater support from governments is needed to facilitate appropriate opportunities for training during economic crises. Employers typically are in favour of workplace-specific training, while trade unions generally advocate broader training activities. Government support is critical for maintaining an appropriate balance, both in terms of the types of training offered and between occupation-specific and transferable skills.

Conclusions

The Great Recession has been, and continues to be, a time of accelerated, intensified labour market transitions. It created abnormal stresses and insecurities for workers, employers and governments. In contrast, skills development in any society is a gradual, cumulative process. In order to build a skills and employability development system that can absorb

the shocks produced by crises and adapt to rapidly changing labour markets, nations need a balance of four essential elements:

1. a sound policy framework;
2. productive social dialogue;
3. an adequate funding base; and

4. institutional capacity for programme implementation.

It is only very recently that the focus of policy analysis has shifted to place greater emphasis on assessing the effectiveness of job training and retraining programmes within the context of an economic crisis. The expertise gained by countries affected by the recent crisis has contributed to identifying the operational factors that are systematically linked to positive effects of job training. The lessons learned so far provide a basis on which countries can continue working to increase institutional preparedness for future crises. Key elements of this continuing work include:

- making continuous improvements in flexible, adaptable delivery systems that can be scaled up in crisis conditions to deliver training and other services, and can also be scaled down as conditions improve;
- supporting strategic investment to develop better labour market intelligence so that decisions about training can be based on better anticipation of future economic opportunities;
- moving towards greater use of preventative measures such as embedding training in work-sharing schemes that keep workers employed and allow enterprises to retain valuable human resources in economic downturns;
- promoting cooperation between different levels of government and among service delivery agencies to promote the rapid and effective implementation of training programmes;
- balancing short-term demands for crisis response with continuing, longer-term investment to improve the skills development infrastructure;
- collecting the good-quality administrative data needed to analyse job-training outcomes;
- benchmarking policies and programmes against international good practices.

Key ILO resources

- Hansen, E. 2012. *Preliminary assessment of training and retraining programmes implemented in response to the Great Recession*, Employment Working Paper No. 122 (Geneva, ILO), http://www.ilo.org/wcmsp5/groups/public/--ed_emp/--ifp_skills/documents/publication/wcms_182192.pdf.
- ILO. 2010. *A skilled workforce for strong, balanced and sustainable growth: A G20 training strategy* (Geneva), http://www.ilo.org/skills/pubs/WCMS_151966/lang--en/index.htm.
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Other references

- Cazes, S.; Verick, S.; Heuer, C. 2009. *Labour market policies in times of crisis*, Employment Working Paper No. 35 (Geneva, ILO).
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- Messenger, J.; Ghosheh, N. (eds). 2013. *Work sharing during the Great Recession: New developments and beyond* (Cheltenham, Edward Elgar and ILO).
- Messenger, J.; Rodríguez, S. 2010. *New developments in work sharing in middle-income countries*, TRAVAIL Policy Brief No. 2 (Geneva, ILO).

For more information on links between education and training and productive and decent work, visit the Global Public–Private Knowledge Sharing Platform on Skills for Employment, initiated by the ILO and benefiting from the support and collaboration of the Organisation for Economic Co-operation and Development (OECD), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the World Bank.

<http://www.skillsforemployment.org/KSP/en/index.htm>

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