



SUPPORTING EMPLOYERS TO PROMOTE SKILLS DEVELOPMENT IN LATVIA

Assessment of key barriers and enabling conditions

Review of EU good practices

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BETTER POLICIES FOR BETTER LIVES



Setting the scene: project timeline



-  Events
-  Reports
-  Next steps



ASSESSMENT OF KEY BARRIERS & ENABLING CONDITIONS



Research questions & methods

- What are the barriers & policy priorities that Latvia should address?
- What can Latvia learn from its existing policies?



Review of academic and policy papers, and legislation

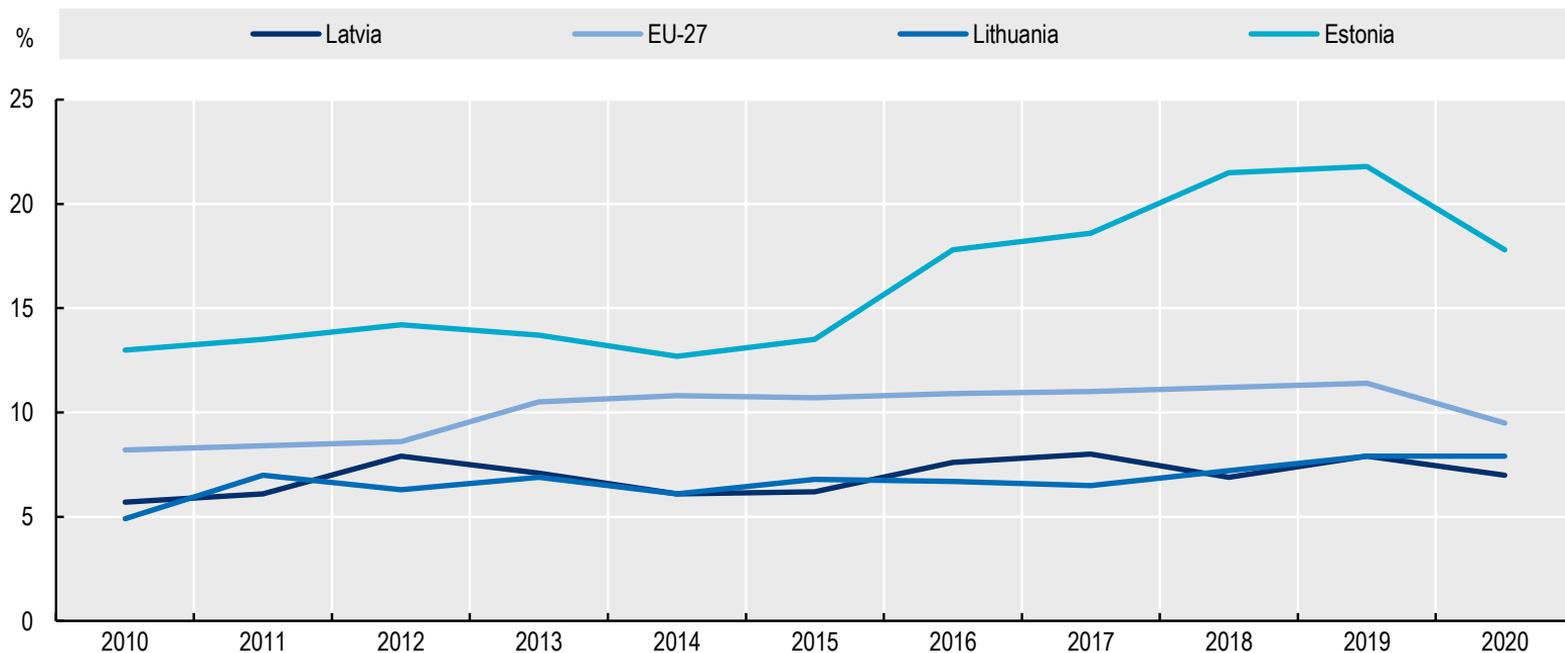
Data analysis - Labour Force Survey, Continuous Vocational Training Survey & European Company Survey

Field research - interviews with stakeholders



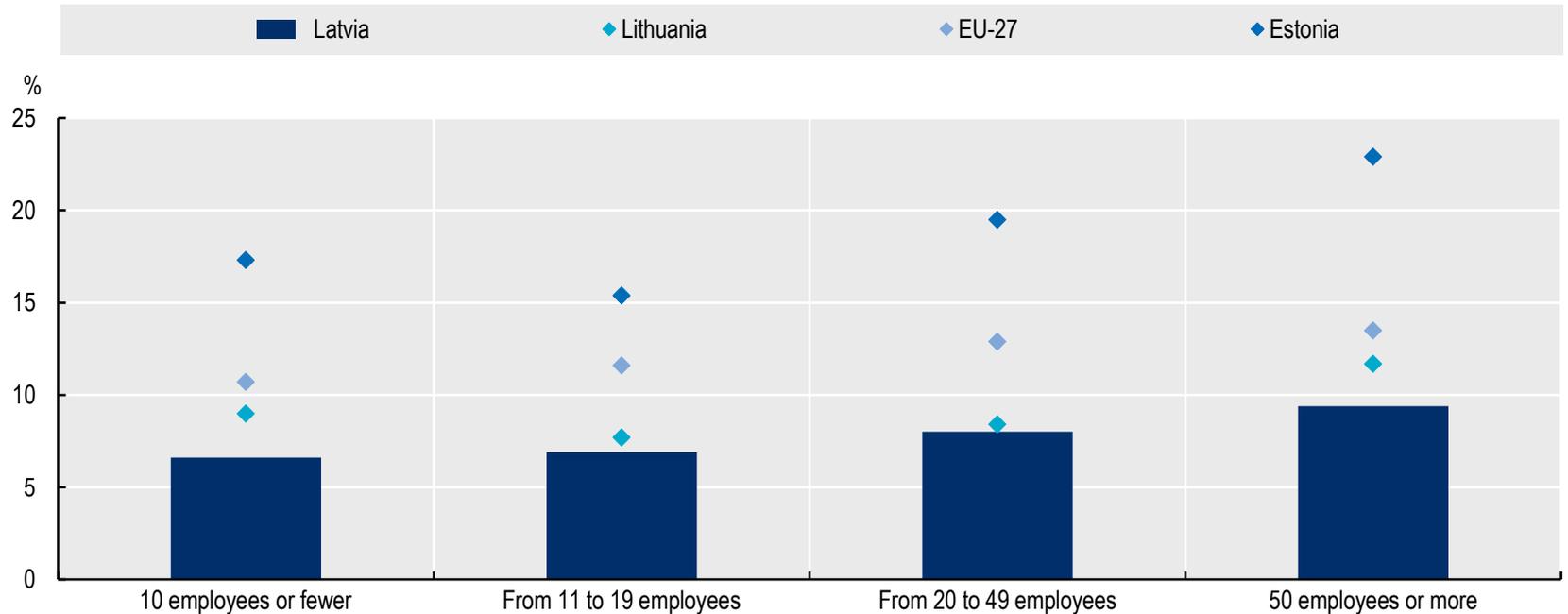
Enterprises in Latvia are lagging behind in the provision of training

Participation in education and training of employed on a monthly basis, 2010-2020, European Union Labour Force Survey



The under-provision is stronger in micro enterprises and SMEs

Employee participation in education and training by firm size, 2020, European Union Labour Force Survey

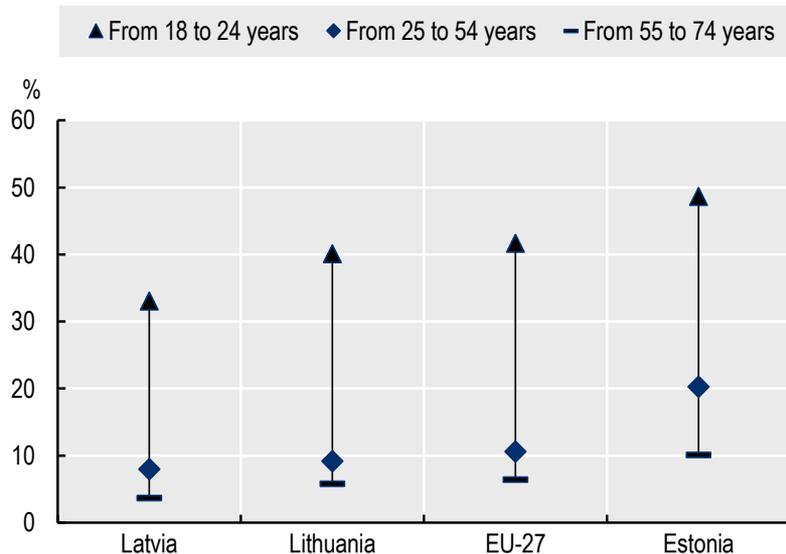




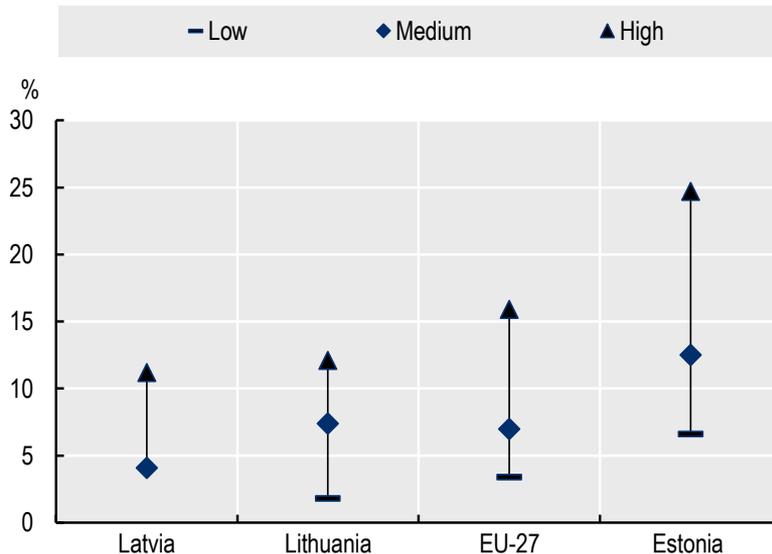
Latvian firms underprovide training to vulnerable groups

Percentage of adults who participate in education and training by age group and education level, 2020, European Union Labour Force Survey

Panel A. Participation rate in training by age



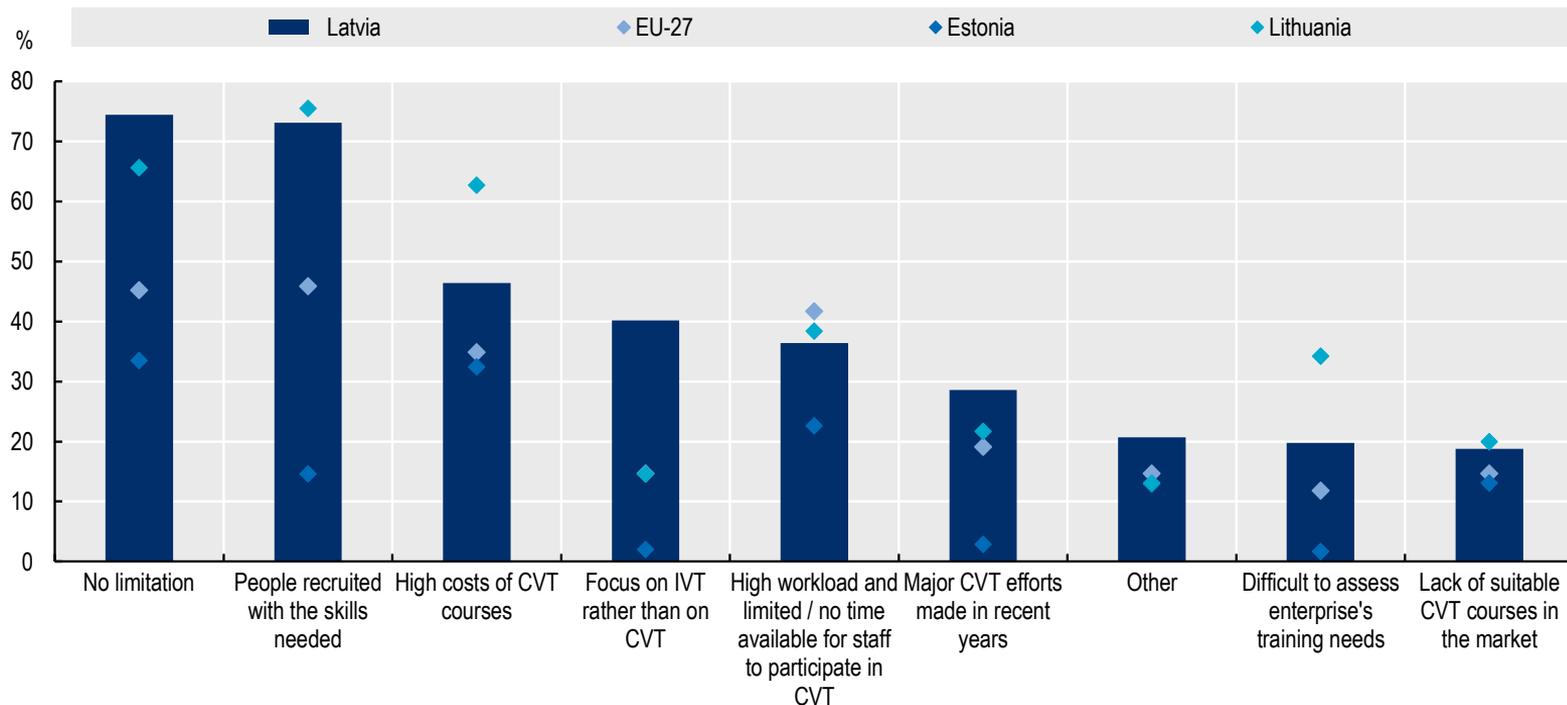
Panel B. Participation rate in training by education





Latvian firms face attitudinal, informational and financial barriers

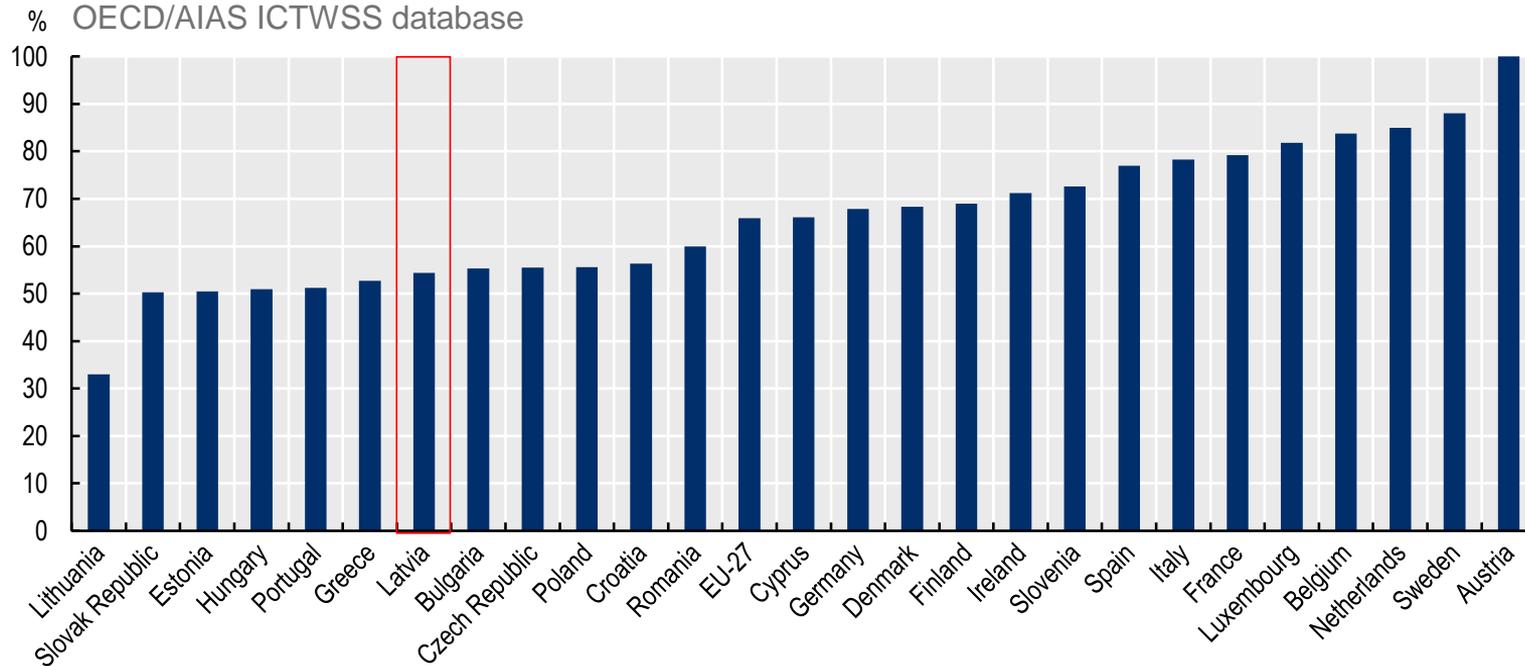
Enterprises providing training by factor limiting provision, Continuing Vocational Training Survey 2015





Latvian enterprises face significant coordination problems

Proportion of employees who work for an enterprise that is member of an employer organisation, 2018, OECD/AIAS ICTWSS database





Latvia does not have measures to tackle some of these policy priorities

Category	Instruments available in Latvia
Regulatory requirements	Legal obligation to provide training
	Collective agreements
Non-regulatory measures to lower the cost of training	Additional training agreements
Financial measures to lower the cost of training	Corporate and payroll tax exemption
	ERDF-funded projects by employer associations and the LIAA to “Promote the introduction of innovations in enterprises” (S.O. 1.2.2)
Measures to build firms’ capacity and learning culture	<i>No instruments currently available in Latvia, Digital Innovation Hubs active as of November 2002</i>
Measures to promote co-operation	<i>No instruments currently available in Latvia, Skills Funds to be piloted</i>



Key findings and recommendations (1/2)

Latvian enterprises under-provide training, especially SMEs

1. Provide tailored support to micro-enterprises and SMEs

Latvian firms face attitudinal, informational and financial barriers

2. Introduce measures to build firms' capacity and learning culture

Latvian enterprises face significant coordination problems

3. Introduce measures to promote cooperation

Latvian firms underprovide training to vulnerable groups

4. Subsidise training for vulnerable groups through enterprises



Lack of clarity in some aspects of legislative framework on training

- Definition of training “necessary to perform job related duties” in legislation is unclear

- It is not clear what training should be considered as “necessary” to perform job-related duties
- For example, the training to operate a certain software or machinery could be considered essential by employees, but not by employers.
- This uncertainty can leave room for legal disputes



Some tweaks to the tax exemptions on training could be beneficial

- Difficult to review the tax incentives, due to lack of data
- Challenges to introduce changes to tax system
- Some tweaks are possible

“There is currently one tax rate on dividends and non-business expenditures at 25%. If you introduce tax credits, the system becomes more complex and that is why the system was changed in the first place. Other tools could be more fit for purpose, for example some training projects delivered by a government agency.”

Stakeholder consulted in the field research



Effectiveness of the implementation model for ERDF-funded projects

- Implementation model with employer associations works well
- There is a lack of resources to raise awareness, and a lack of exchange and cooperation
- The administrative burden is high

“Thanks to the EU-funded projects [supporting training in enterprises], more can be done and faster. More companies and more diverse companies can be reached. More courses and more expensive courses can be bought.

Stakeholder consulted in the field research

“Having to pay the training fees upfront was a challenge for smaller companies, and might have been a barrier to their participation. Companies receive the reimbursement at the end of each quarter, when they as an association write their regular reports. So on average, the reimbursement is paid after three months.”

Stakeholder consulted in the field research



Key barriers and recommendations (2/2)

There is a lack of data on take-up of policy instruments

5. Gather data on take-up of support measures

Lack of clarity in some aspects of legislative framework on training

6. Define all key aspects of legislation clearly

Tax treatment of training expenditures

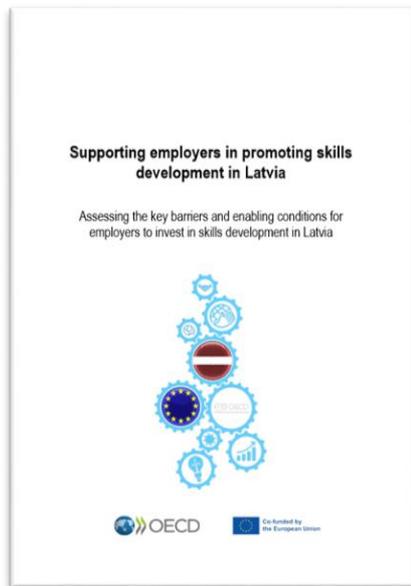
7. Expand tax exemptions on higher education and general education programmes

Effectiveness of the implementation model for ERDF-funded projects

8. Involve employer associations in the delivery of policy package and minimise administrative burden



Thank you!



For more information on the report on barriers and enabling conditions to promote investment in skills development by employers in Latvia, please contact:

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GOOD PRACTICES IN THE EU FOR SUPPORTING EMPLOYERS TO PROMOTE SKILLS DEVELOPMENT



Overview of good practices for supporting employer training



Regulatory requirements for training

- Legislation (PRT, SWE)
- Collective agreements (DNK)



Reducing firms' training costs

- Subsidies (LUX, LTU, MLT, BEL)
- Subsidised training schemes (FIN, EST)
- Other financial measures – tax (EST, FIN)
- Job rotation schemes (DNK)
- Recognition of informal learning (FRA)



Building firms' capacity & learning culture

- Skills assessment tools (IRL, BEL)
- Workplace innovation (SWE, LUX)
- Coaching/Mentoring (NOR, POL)
- Information (SWE, MLT)



Promoting private-public/education cooperation

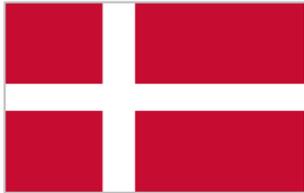
- Learning networks (AUT, IRL)
- Enterprise-Education cooperation (DEU, NOR)



Regulatory requirements for employers to support training



Portugal's training requirement in the *Labour Code*: 40 hours/year of training / time off for training



Denmark's training entitlements in collective agreements: E.g. 14 days paid on-the-job/off the-job training per year for "job-necessary" training

Sweden's *Act on Workers' Right To Leave For Studies*: Job-protected, unpaid leave for any studies, further defined in collective agreements





Financial measures to lower employers' costs and risks of training



Luxembourg's *Co-financing for Continuing Vocational Training*: Covers up to 15% of annual investment in training, more for small firms

Lithuania's *Competence Voucher*: 20-month voucher for the purchase of a training programme



Estonia's *DigiABC*: Fully-funded basic digital skills training for industrial workers



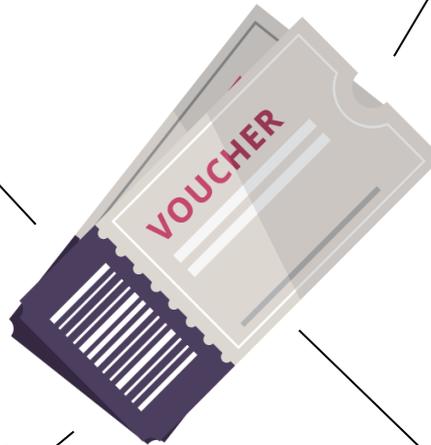
Estonia's income tax incentives: Unlimited deduction for training expenses, incl. general and higher education



Lithuania's Competence Vouchers

? Voucher / grant covering employee training costs for enterprises (2017-2020)

€ Up to EUR 4500 per enterprise, reimbursement rate per trainee based on firm size and sector



! Firms must develop a training plan, only for approved providers / programmes (higher, VET, non-formal, etc.)

68 educational institutions and 513 programmes eligible, 806 enterprises and 3,583 workers participated (2017-2020)



Luxembourg's state co-funding for continuing vocational training (FPC)

Reimbursement of 15%-20% of enterprises training expenses

Targets various transversal skills (e.g. languages, IT/Office automation, management, etc.)



Slightly higher support for SMEs and training low-educated / older workers

EUR 35.4 mil invested in co-financing 2,288 enterprises' in-company training (2018)



Estonia's DigiABC programme

Fully-funded basic digital skills training for industrial workers (2017-2020)

Created by a cross-sectoral coalition, delivered by private provider and employer confederation, funded by ESF



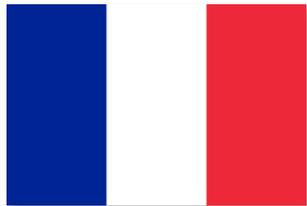
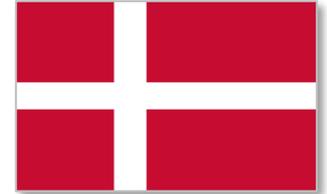
Offers basic digital skills (e.g. how to use email, search the internet, etc.)

A recognised flagship programme, 3,000 industrial workers, 1,000 industrial managers participated



Non-financial measures to lower employers' costs and risks of training

Denmark's *Job Rotation Scheme*: Supports enterprises to replace workers who are away on training – both finding a replacement and subsidising the cost of hiring them



France's AFEST (Learning at Workplace): Recognises informal on-the-job training to allow access to public funding, targets MSMEs



Measures building employers' capacity and learning culture



Ireland's *Regional Skills Fora*:
Provides skills assessment toolkit and teaches how to use it



Norway's *Innovation Norway*:
Supports management and leadership skills through various services and supports

Sweden's *Kickstart / INDIGO*: Promotes digital capacity through peer-learning and coaching for managers



Sweden's *Kompetens.nu / Time to Digitalise*: Provide free training info through an online learning portal* and knowledge repository

* For selected industries



Ireland's Regional Skills Fora

Support enterprises' skills assessment and anticipation capacity



Regional Skills
Partnerships for Skills



1:1 support for using assessment toolkit, developing skills plans, searching for training service through Regional Skills Manager

Provide skills assessment toolkit and teaches managers how to use it



Over 1,400 enterprises, 100K+ employees participated, with SMEs accounting for 64% (2019)



Innovation Norway

Offers comprehensive business development services for entrepreneurs and managers

Provides 1:1 advisory, financial services and supports and networking opportunities



Innovation Norway

Distinguished services between start-ups and established companies

Has a “decisive impact” on business implementation, supported companies earn more revenues (2020)



Measures promoting co-operation among employers and with other institutions

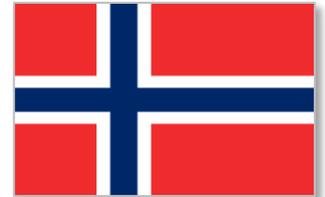


Skillnet Ireland supports sectoral/regional business networks, creates and funds on-demand training programmes



Austria's Impulse Training Networks (IQV): Help enterprises to collaborate to plan, purchase, organise, and implement work-related training

Norway's Training Offices: Supports throughout apprenticeship process, strengthens skills "ecosystem" between business, education providers, and learners





Thank you!

Good practices in Europe for supporting
employers to promote skills development



For more information on the good practices in Europe for supporting employers to promote skills development, and the upcoming report, please contact:

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